

Dylex
Limited
1981
Annual
Report

Dylex, Canada's largest specialty fashion retailer, is represented in all major markets through 838 stores in 11 chains, each serving a specific segment of the men's, women's and family clothing businesses. The company has established a pre-eminent position in retailing, capturing approximately seven percent of total Canadian apparel sales. If one factor is responsible for the company's success it is a consistent emphasis on value. The company's growth reflects merchandising innovation and its adaptability to changing markets. With its representation, both geographically and in market coverage, Dylex can truly be said to clothe all Canadians.

Annual Meeting

The Annual Shareholders Meeting will be held at 11:30 a.m. Thursday, June 10, 1982, in the Alberta Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, Canada

Highlights

	1981	1980	1981	1980
	<i>thousands of dollars except per share and ratio data</i>		<i>percent change</i>	
Consolidated Results				
Net sales	\$495,358	\$417,073 ¹	18.8	23.6
Net earnings	16,500	12,050	36.9	33.2
Earnings per share	\$ 2.77	\$ 2.03		

Consolidated Financial Position

Working capital	\$ 65,831	\$ 56,948		
Current ratio (current assets ÷ current liabilities)	2.08:1	1.97:1		
Inventory turnover (sales ÷ average inventory)	3.9	3.7		
Return on average equity (percent)	18.5	15.6		

Sales by Market

Consolidated sales	\$495,358	\$459,237		
Associate sales	273,438	210,689		
Combined sales ²	<u>\$768,796</u>	<u>\$669,926</u>	14.8	21.5
Retail	\$631,108	\$542,702	16.3	20.1
Fashion manufacturing	154,871	143,573	7.9	24.6
Sales between the groups	(17,183)	(16,349)	—	—
	<u>\$768,796</u>	<u>\$669,926</u>	<u>14.8</u>	<u>21.5</u>

¹ Restated to exclude a division sold to an associate company.

² Combined sales include sales of associate companies (usually 50% owned). Their earnings are included as investment income.



Cover

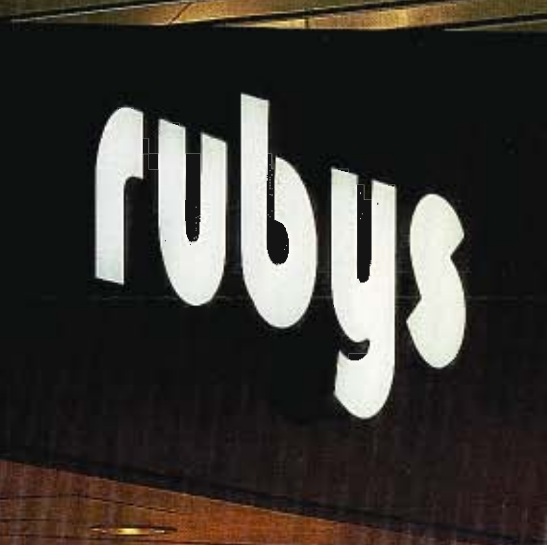
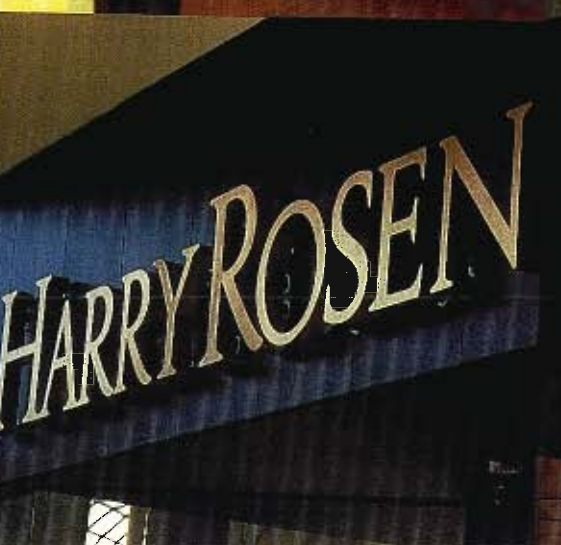
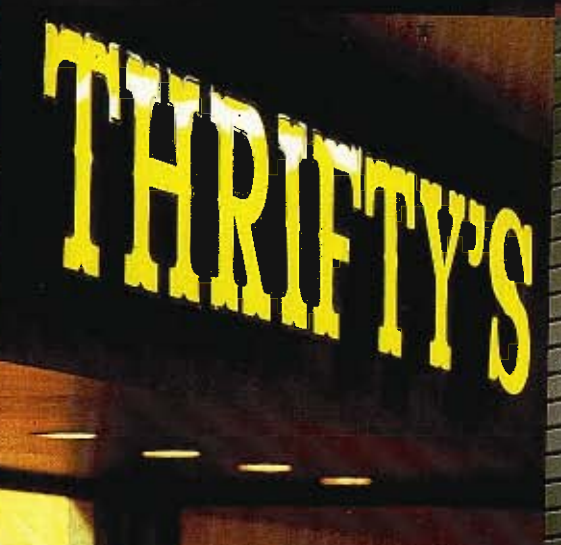
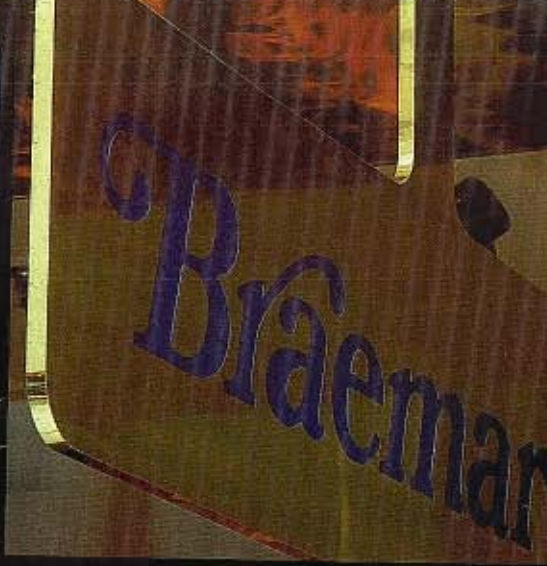
B.H. Emporium with its trendy fashions, attractive prices, eager salespeople and an exciting store ambience is an example of innovative retail growth by Dylex.

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Profile of Dylex

Retailing	Market Coverage	Stores	Location	Average Size sq. ft.
Women's	Fairweather Latest in fashionable moderately priced women's clothing and accessories for the 15-30 age group.	105	Across Canada	6,100
	B.H. Emporium Value priced fashionable merchandise for the younger shopper.	9	Ontario, Alberta	1,700
	Braemar Selected lines of fashionable sportswear, dresses and coats.	13	Ontario	4,000
	Suzy Shier Medium priced fashionable merchandise for the younger market.	93	Across Canada	2,600
	Town and Country Medium priced contemporary coats, dresses and sportswear.	107	Across Canada	2,700
	Rubys/Feathers Fashionable moderately priced footwear.	30	Ontario	1,300
			357	
Men's	Tip Top Suits and accessories for the broad middle group of consumers.	156	Across Canada	4,000
	Big Steel Man Latest in fashionable moderately priced clothing for the younger man.	102	Across Canada	1,700
	Harry Rosen Quality and fashion for the professional and executive.	10	Ontario, Alberta	4,600
			268	
Family	Thrifty's Jeans, shirts, jackets and accessories for today's shopper.	129	Across Canada	2,000
	Bi-Way Low cost clothing and housewares for budget conscious consumers.	84	Ontario	9,300
		213		
Manufacturing	Products	Brand Names		
Women's	Coats, knits, blouses, shirts, dresses, coordinates and children's coats	Thunder Bay, Young Canadian, New Editions, Nu-Mode, Posluns, Shapes, Picknit, Signature Collection		
Men's	Shirts, sweaters, leisure wear, suits, sports coats, casual slacks and jackets.	Forsyth, Pierre Cardin, Coachman, Leishman, Cerruti, Henley, Target Apparel, Tobias, Angels Flight		





Report to Shareholders

Record earnings were achieved in 1981 despite one of the most difficult retailing environments in recent years. Net profits were \$16.5 million compared with \$12.1 million in 1980, an increase of 37 percent. On a share basis net earnings were \$2.77 compared with \$2.03 in the previous year.

Consolidated sales increased 19 percent to \$495 million from \$417 million. The 1980 amount does not include \$42 million from a retail division which was sold to an associate company at the end of that year.

North American business conditions deteriorated as the year progressed and, in the final quarter, the economy was sliding into its second recession in two years. With consumer confidence reaching record lows, your company was one of the few retailers in North America to achieve substantially improved results.

The excellent performance at the store level is a credit to our retail managers and staff and demonstrates their ability to respond to highly competitive markets. The results that were achieved reflect adaptability to rapidly changing markets, merchandising innovation and concentration on improving in-store productivity.

The company's strong cash position was maintained and interest expenses dropped by approximately \$5 million from the previous year. Shareholders can be pleased that the company has developed the human and financial resources and the management techniques necessary to maintain its success in these difficult times.

The overall earnings increase is the result of a turnaround at the Tip Top stores, substantial gains from Big Steel Man and excellent results from Bi-Way as well as the disciplined management of inventories in all divisions.

Men's wear sales for the year increased by 21 percent with especially strong growth on a store-for-store basis. Earnings in this sector increased by 59 percent. The women's wear divisions achieved a 21 percent sales increase from new stores and higher productivity. Total women's wear earnings were up moderately from the previous year, as competitive pricing had an impact on margins.

Satisfactory progress was made in the absorption of the former Family Fair chain into Bi-Way stores, contributing to the growth in this division. Thrifty's was faced with aggressive promotions and intensive competition from other retailers and sustained a loss for the year.

Consolidated manufacturing sales were higher reflecting the inclusion of Tobias Kotzin for the full

year. Higher sales and earnings achieved by the men's apparel manufacturing divisions were offset by declines in women's wear operations. Overall the manufacturing divisions were faced with generally reduced demand.

Dylex Clothes Canadians

As the nation's largest specialty fashion retailing organization, Dylex achieved significant market penetration over the past 15 years as it grew to 838 stores and has established an enviable position among Canadian retailers. The company is represented in all major markets and has attained approximately seven percent of total Canadian retail apparel sales.

It can be said — when looking at our geographic diversification and market coverage — that Dylex stores offer clothing to all members of the typical Canadian family.

While we can be pleased with the performance achieved by the company to date, the country is in a period of great economic change. The prospect of little or no growth in the Canadian economy and disposable incomes hard pressed to maintain purchasing power would indicate that market conditions have changed significantly over the past few years.

We are now seeing a very selective customer, and although total family disposable income should continue to be reasonably good, economic events are making consumers less mobile, increasingly discriminating and more value-oriented. For the retailer this is going to require innovation and very good market sensitivity to create continuous interest in his merchandise.

Expansion Opportunities

The clothing business is an enormous market, even in a difficult business climate, and Dylex still sees opportunities for expansion. Accordingly we are continuing our store opening program where desirable locations are available. Fifty-nine stores were added in 1981 and current plans are to open 85 in the coming year.

Some of the expansion will take the form of new merchandising concepts such as Big Steel Man and B.H. Emporium, which have been accepted by the buying public and have potential for significant growth. Similarly, an exciting new retail chain named L.A. Express, oriented to the value-conscious younger woman, is being launched this year.

Store occupancy costs continue to be of great concern to management. This is a subject of continuing discussion with shopping centre developers and

the company aggressively negotiates new and renewal leases to obtain the best possible terms and conditions for our chains. We are fortunate that the strong market position and customer drawing power of our well-known stores establishes us as a preferred tenant by developers who wish to successfully lease and operate a new shopping centre.

The company's fashion manufacturing businesses are continuing to grow, particularly in men's wear, and they must combine manufacturing and importing expertise in an attempt to generate profitable volume. They must also learn to handle shorter lead times as retailers attempt to reduce interest costs. These challenges, if met successfully, will produce profitable opportunities and further growth in the years ahead.

Company Goals

Five years ago we set out a series of specific long-term goals to enable the shareholders to measure our performance.

- We said that we will continue to provide products that give the consumer good value. Success in this regard can best be measured by our increasing share of the total Canadian apparel market. Continuing perception by consumers that they will obtain value at our stores will be critical to the company's growth.
- Among our targets has been the doubling of retail sales by 1981. In measuring our performance on a combined retail sales basis we have grown from \$246 million in 1976 to \$631 million in the latest year, a compound rate of growth of 21 percent which doubled sales in less than four years.
- Our target has been to achieve pre-tax operating earnings, at the divisional level, of 10 percent on sales. Store productivity is the key to improving earnings, and to counteract rising costs. Because our stores responded to strong market competition with aggressive pricing, this goal has been more difficult. Greater emphasis must continue to be placed on obtaining higher sales volumes on a per square foot basis. In 1981 we increased sales per square foot by 11 percent compared with 13 percent the previous year and the return on sales was comparable to the 1980 level.

The manufacturing divisions, after coming close to their target goal in 1980, achieved an eight percent return on sales in the past year. Our success in this market will continue to depend on strong managerial talent.

- Of special importance to shareholders is the rate of return on equity which in the past year reached 18.5 percent compared with 15.6 percent the previ-

ous year. We will continue to strive to achieve a 20 percent return.

- The maintenance of a strong financial position has also been among our priorities. The year-end current ratio was 2.1:1 and working capital increased to \$66 million from \$57 million. A significant improvement has been achieved in debt/equity ratios.
- We believe that we have developed a human resources program that enables employees to improve both their skills and job satisfaction. Many of the people who have been moving into middle management positions in the company have built their careers working with us.

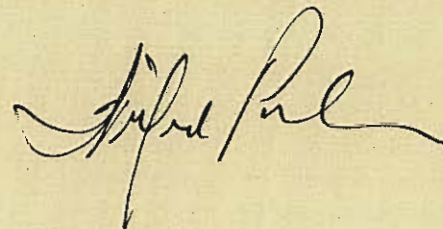
By having created a purposeful organization with a clear sense of direction, we continue to build up a shared set of values among our people. Through the delegation of authority, the encouragement of initiative and by giving recognition and meaningful rewards we endeavour to foster talent, and nurture entrepreneurship.

Dividend Policy

Last June the dividend rate on the common and class "A" shares was raised to 13 cents a share quarterly from the former 10 cents. This resulted in a total payment for the year of 49 cents, an increase of 22.5 percent from the previous year. The Board of Directors reviews the dividend rate periodically in relation to earnings growth in order to provide shareholders with direct benefits from their company's success.

Appreciation

On behalf of the Board of Directors I thank all of the people of Dylex and our customers without whose support our success would not have been possible.



Wilfred Posluns
President

Toronto, Ontario
March 19, 1982

Dylex:
Clothiers to
Canada



Dylex: Clothiers to Canada

The Dylex family includes 11 retail chains ranged right across Canada, and each of these chains serves a specific segment of the clothing market. So complete is the Dylex mosaic that most Canadians could be clothed in the style and at the price that fits their age, sex, occupation and budget.

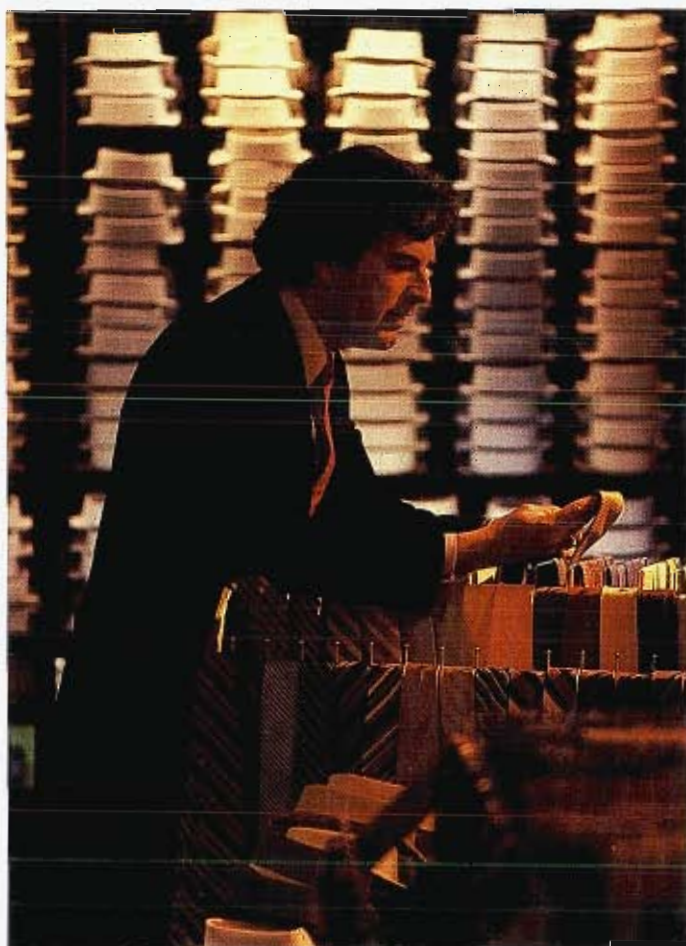
Dylex is successful, too. In times when some well-known names in the retail clothing business are faltering, Dylex thrives. In the past year most of its chains

have outperformed the market. The newest, B.H. Emporium, has enjoyed instant success. Other divisions experienced a record year in sales and profits.

What causes such success in the face of a harsh economic climate?

Value.

As different as a B.H. Emporium store might be from a Harry Rosen, or a Thrifty's from a Feathers, one common denominator links all Dylex stores and forms the foundation for success — a solid presentation of consistent and unmistakable value.

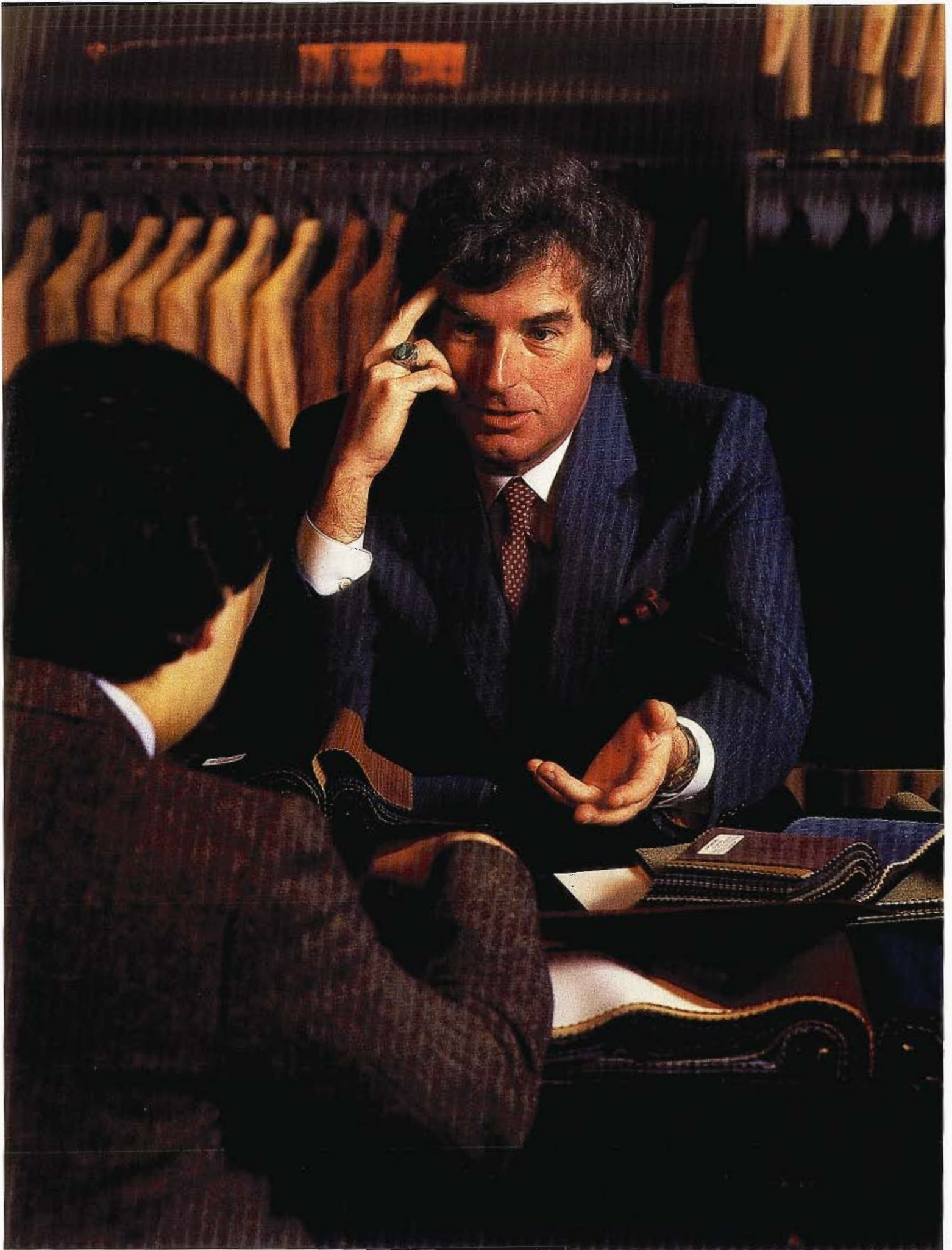


Harry Rosen

To the Harry Rosen customer, spending as much as \$400 or more on a suit, value is still every bit as important as it is to customers of other Dylex chains. And a Harry Rosen store delivers the best value for the dollar of any store in its class.



“**G**ood appearance is a necessity in my work. At Harry Rosen I find tasteful styles, excellent quality, and darned good value.” *Richard Leja*





Suzy Shier

Great styles, great salespeople, great prices is what Suzy Shier is all about. Debbie Urquhart, left, and Joan DesVignes enjoy the personal service offered Suzy Shier shoppers. They get the help they need in selecting attractive clothes for school, work and social occasions — all within a budget.



Thrifty's

More than any other Dylex chain, Thrifty's crosses age, sex and economic lines. Carolyn Kennedy shops at Thrifty's for herself and her three daughters, including six-year-old Erin.

At Thrifty's I can get clothes for my children that are rugged for play, but still look good enough for school. And Thrifty's sales really do offer good value." *Carolyn Kennedy*

Dylex stores win customers in the most difficult times because their buying power, and perceptive fashion judgement, make it possible to offer customers quality merchandise in the styles they want, at exceptionally reasonable prices.

A brief look at various Dylex chains illustrates this point.

When a girl walks into B.H. Emporium she's in teenage heaven. She sees rack upon rack of the wildest, newest fashions in an atmosphere reverberating with her kind of music. Crazy artifacts hang from the ceiling, neon lights cast a

glow, and eclectic signs boast, "If our savings were any better we'd have to charge admission."

Amid this calculated pandemonium, she finds amazingly low prices on the clothes she wants the most . . . and bright, attractive salespeople her own age who know how to help her enjoy the shopping experience. The B.H. Emporium customer wears clothes for fun and buying becomes fun. B.H. Emporium delivers happiness at prices she can afford.

For another kind of Dylex customer there's Harry Rosen. To Harry Rosen

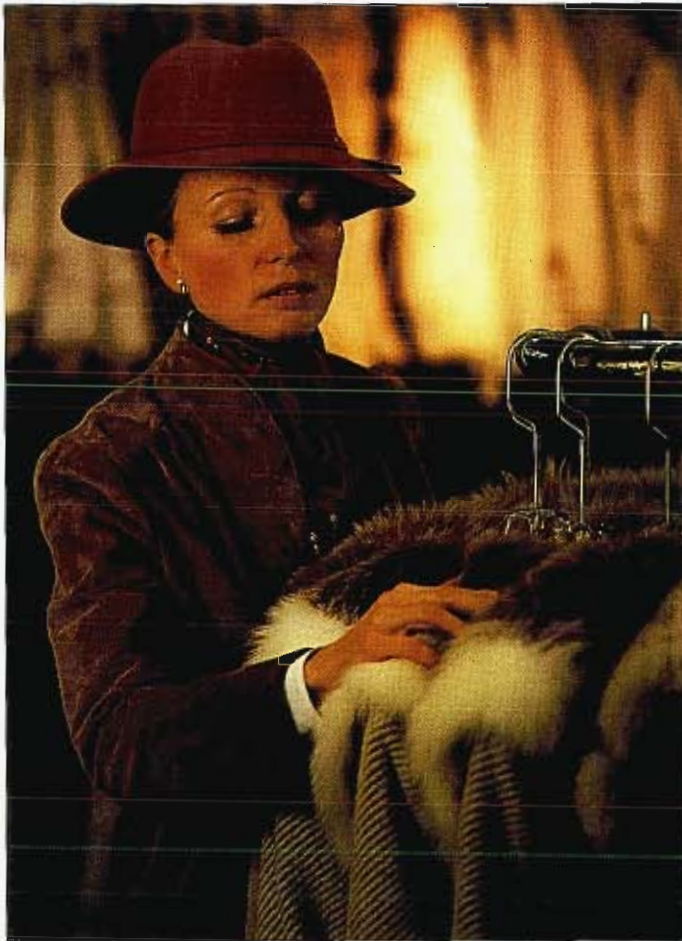
comes the management man, the professional, the up-and-coming young executive. To him appearance is an important factor in career success. He's prepared to pay \$400 for a suit, \$25 for a tie, \$35 for a lemon yellow golf shirt. Yet he also likes value. Precisely because he must look good every day it's important that his clothing dollar bring lasting value.

And at Harry Rosen's it will. His \$400 suit will be the finest \$400 suit he can buy — better, in all likelihood than one costing much more elsewhere. Harry Rosen himself, still the guiding spirit of the business, will happily spend many

minutes describing why the cut and stitching of one shirt makes it a better buy than another.

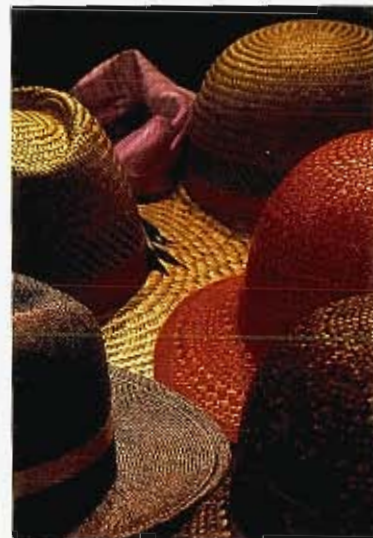
When the B.H. Emporium customer grows a little older, she turns to Fairweather and Suzy Shier. There are similarities between these chains, but each has a style suitable to a particular market.

Fairweather stores are large. Fashions are carried in depth, so as they take off, Fairweather is ready. This year's insatiable appetite for designer T-shirts was met by Fairweather's exclusive line of Daniel



Braemar

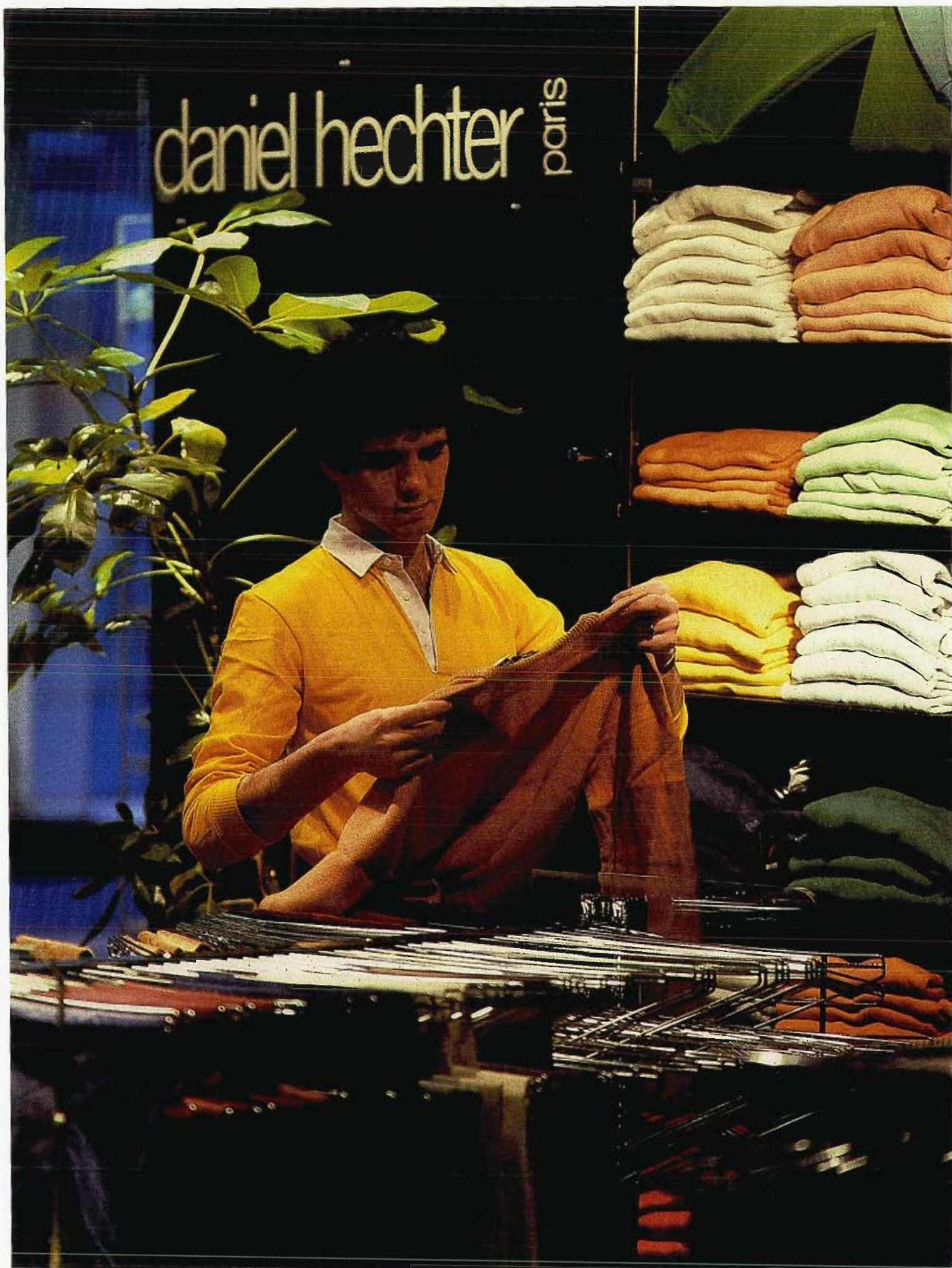
Customers such as Beate Schülz are offered attractive and fashionable clothes in a middle price range at Braemar and Town and Country. In these chains the woman in her mid-twenties or older finds salespeople closer to her own age, well-informed and responsive to her needs, in an atmosphere of stability and good taste.



“Braemar understands the importance of good appearance in my life. They also understand that I don't have an unlimited budget.” *Beate Schülz*



daniel hechter paris



Big Steel Man

Ian Gougeon (left) and Craig Stainton are Big Steel Man customers who appreciate the help of knowledgeable sales people, and also the merchandising policy — suits, sports jackets, slacks and leisure wear that are fashionable and priced to fit a young man's budget.



“**I** feel comfortable at Big Steel. The prices are great, the styles are right, and the people are tuned in to my needs. Big Steel is really the only place I shop for clothes now.” *Craig Stainton*

Hechter fashions in abundance with the best styles and colours and at prices that made them jump off the racks.

The Fairweather shopper finds a store excitingly busy with colour, chrome fixtures and music that keeps her in a buoyed-up, buying frame of mind. She also finds astonishingly good buys.

Suzy Shier is for the young woman shopper who likes a little more personal service. The shops are smaller than Fairweather, the depth of stock is not as large, but the selection is still profuse. Suzy Shier salespeople greet

customers with a friendly smile and help them find the right fashion, fit and colour. The Suzy Shier customer wants attractive clothes and lots of them. She wants to feel right for school, work and social occasions but she wants to stay within her budget. And that, she finds, is what Suzy Shier is all about. Great styles, great salespeople, great prices.

Big Steel Man, previously part of the Fairweather chain, has enjoyed such success that Big Steel Man stores have become a full fledged Dylex division to further its market penetration.

Big Steel Man serves the late teens to early 30's man who's out of the jean-and-T-shirt uniform and is now taking his clothes more seriously. He's a student, office worker, aspiring young executive, or blue collar man who needs good clothes for social occasions. In a cheery, up-tempo atmosphere he finds suits, sports jackets, slacks and leisure wear that are fashionable without being extreme. He finds knowledgeable salespeople who understand his needs.

Their guidance, and Dylex buying power, help him build his wardrobe of quality at a cost he can handle with comfort.

Bi-Way is a chain of family apparel stores for the bargain seeker. Hand-written signs, effectively presented merchandise and a no-nonsense decor tell the Bi-Way shopper that this is the place to save money. At Bi-Way a family can shop for more than clothes. Included among the baby clothes, work boots, shirts, sweaters, underwear, pajamas and a few hundred other clothing items, the shopper will find housewares, sheets, towels, watches, toys, even some grocery items.

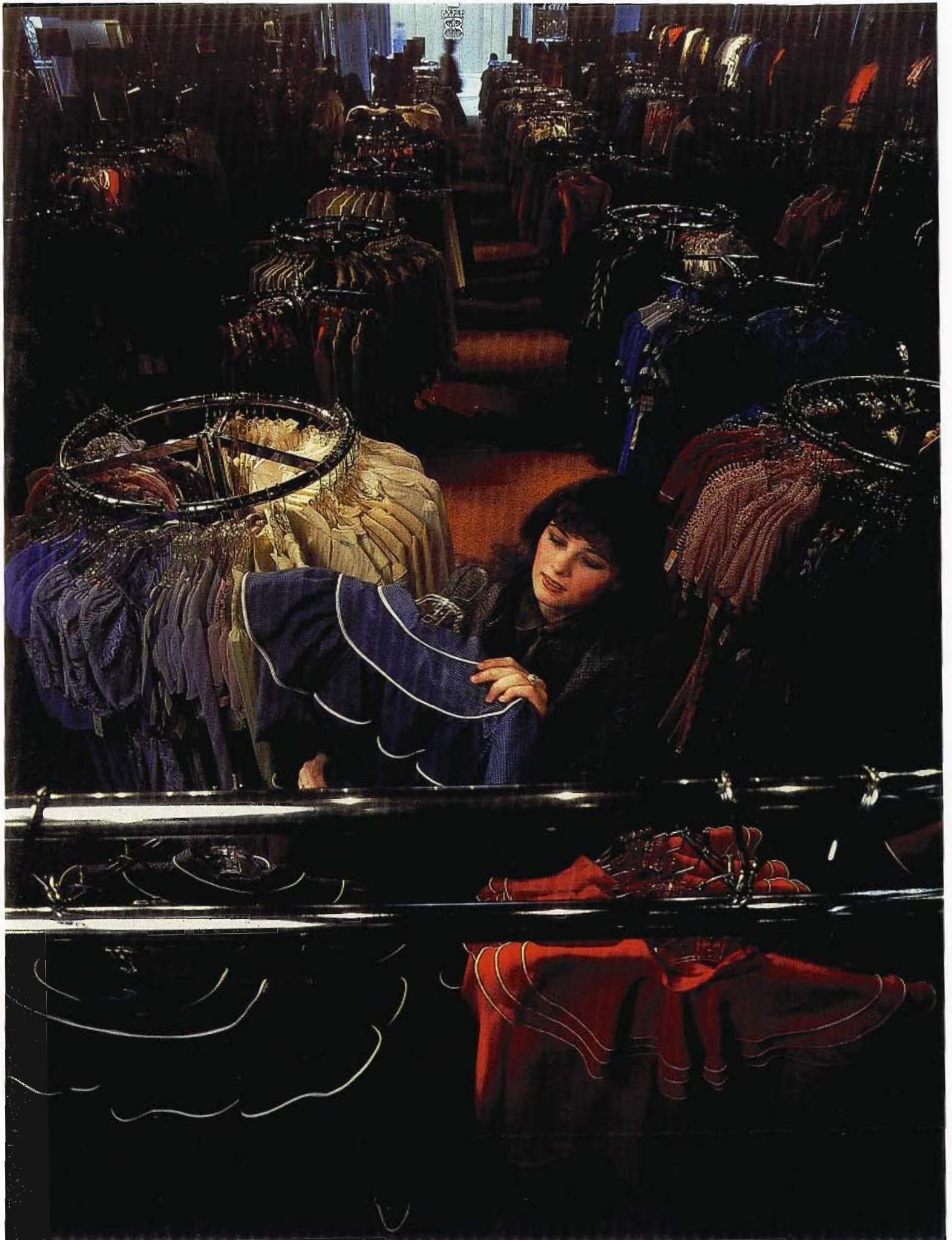
Everything is at bargain prices, and the well-known brand names prove the values.



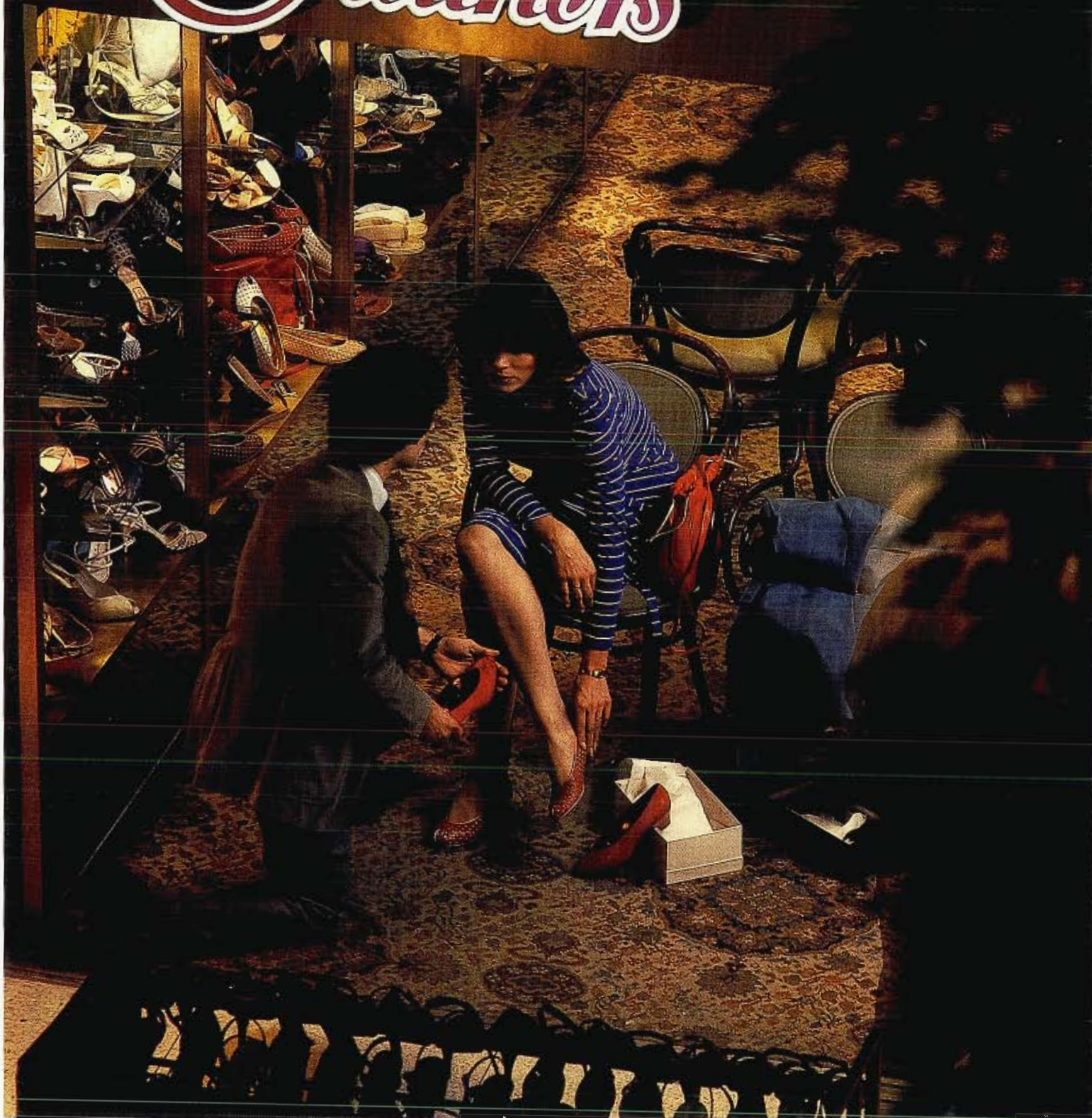
Fairweather

The Fairweather stores are among the largest in the Dylex system. This allows them to stock in depth and has led to some outstanding sales results as items take the market's fancy. The chain's eye for trends is attested to by Andrea Boyle who makes Fairweather her first stop when shopping for fashion.

“Developing a career in modelling means I just have to look good. Fairweather has young, fresh styles, super values, and people who seem to enjoy their work. I feel at home in Fairweather.” *Andrea Boyle*



Leathers



Bi-Way appeals to the family that wants to make the most of its buying power and in these inflationary times draws shoppers from all income levels. Big savings on brand name merchandise are attractive to a lot of people.

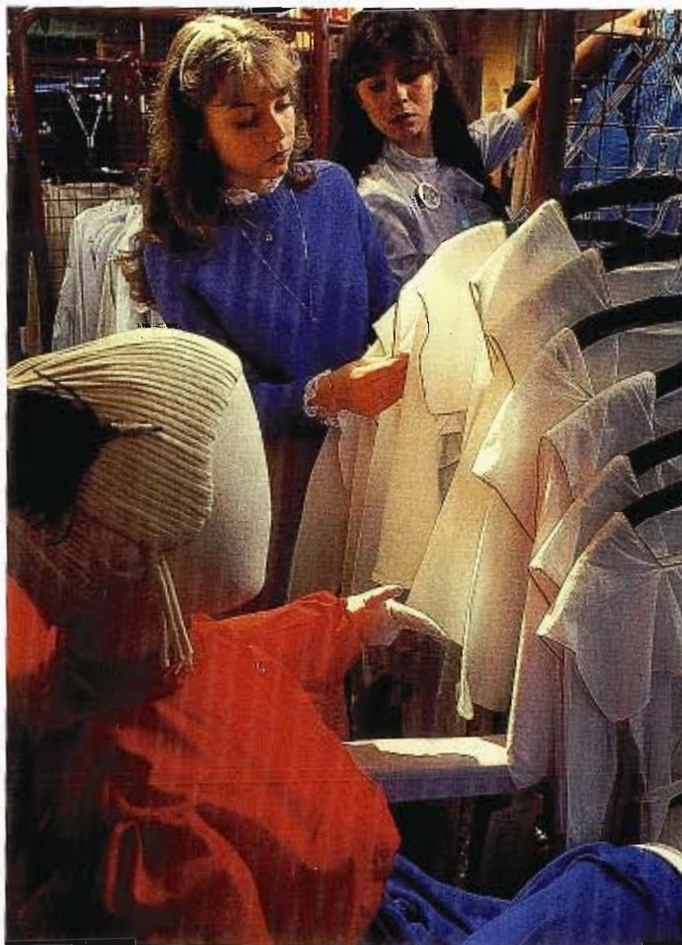
More than any other Dylex chain, Thrifty's crosses age, sex and economic lines. Thrifty's main business is still the jeans-buying juvenile, but clothes from Thrifty's often go to fine social gatherings. The stores enjoy hefty sales in jeans for customers of all ages, shirts and tops, corduroy products, denim skirts

Rubys/Feathers

Dylex shoe boutiques, Rubys and Feathers, appeal to fashion and quality conscious young women like Jannett Bodeman. The colourful and attractive stores offer a wide range of styles for business and evening wear.

B.H. Emporium

Great bargains and great fun bring teenage girls like Marilyn Wilson and Jennifer Wells back again and again to B.H. Emporium.

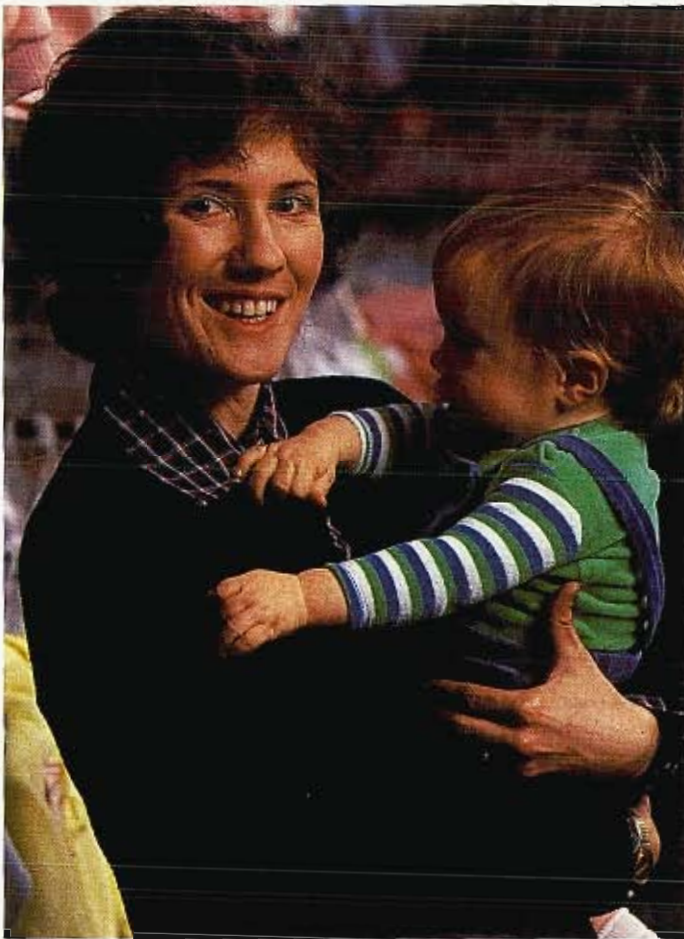


The clothes are wild and the prices are fantastically low. I've never seen anything like it. B.H. Emporium is crazy. I love it." *Marilyn Wilson*

and a selection of accessories.

For many teenagers, a Saturday morning visit to Thrifty's is a social and recreational event. It's the way they check out the latest teenage fashion. At Thrifty's, shoppers of every age find clothes that suit their lifestyle at prices that suit their budget style, and salespeople who help them make the right choices.

The under-\$200 suit is still alive and well at Tip Top. Since the days of the big bands, Tip Top has catered to the man who wants a presentable suit of good quality without the extremes of fashion or



Bi-Way

At Bi-Way a family can enjoy savings on much more than clothes, as Helen Cooper and Michael will agree. Included in the merchandise selection are housewares, sheets, towels, watches, toys — even name brand grocery items.



“**S**hopping requires a lot of care. I check prices everywhere. I mean everywhere. And I keep coming back to Bi-Way.” *Helen Cooper*

price. This man is comfortable at Tip Top. He finds an exceptionally large range of suits in styles and prices that present no big surprises. In recent years Tip Top has stocked more sports jackets and leisure wear to go with the changing times. But the good quality, reasonably priced suit is still the staple.

The atmosphere of a Tip Top store is a comfortable, unintimidating one for the customer. The salespeople are just as down-to-earth as the people they serve. This combination of good merchandise, good prices and professional salespeople keep Tip Top customers coming back.

Braemar and Town and Country chains serve the woman in her mid-twenties and older who dresses more seriously for her working or social life. These stores offer her attractive and fashionable clothes in a middle price range. There she also finds salespeople who are close to her own age, well-informed and responsive to her needs.

Braemar and Town and Country each have a comfortable, rather traditional look. They have an air of stability and good taste that's proven to have long-term appeal to their customers, who are a growing part of the apparel market.



Buying beautiful shoes should be a pleasantly exciting experience and that's the way it is in Feathers and Rubys, the Dylex chains of fashion shoe boutiques. These stores offer a range of fashionable shoes for work and evening wear, catering to younger women. Amid the colourful selection are found such quality names as Charles David and Giorgio Moretto of Italy.

Prices in these attractive stores appeal to a broad segment of the market. Rubys and Feathers are known to offer excellent value in a full range of casual, work and dress-up lines.

Dylex stores offer customers value, selection, and attractive prices. They also offer a pleasurable shopping experience. For many people, shopping is almost an end in itself, a break from routine. For this reason, all Dylex stores are alive with colour and other visual stimuli. Music is usually a part of the total sensory experience. Salespeople are bright, friendly and skilled.

Dylex customers take away more than good value. They take away good feelings.



Tip Top

Ross Bannerman, a satisfied Tip Top customer for many years, appreciates Tip Top's continuing emphasis on a wide range of good quality suits in styles and prices that "present no big surprises".

“**R**eliable. That's Tip Top. They've always got a good buy on the kind of clothing I like. I've been going there as long as I've been buying clothes.” *Ross Bannerman*





Review of Operations

Dylex is a dynamic entity comprising a number of divisions and companies: some are wholly owned, such as the Tip Top and Fairweather retail chains; others such as Suzy Shier and Thrifty's have been consolidated in the statements because they are more than 50 percent owned; and some, such as the Bi-Way and Town and Country chains, in which Dylex has 50 percent interest or less are treated as equity investments. Several manufacturing operations were structured into joint ventures as an incentive to operating management to achieve the best results.

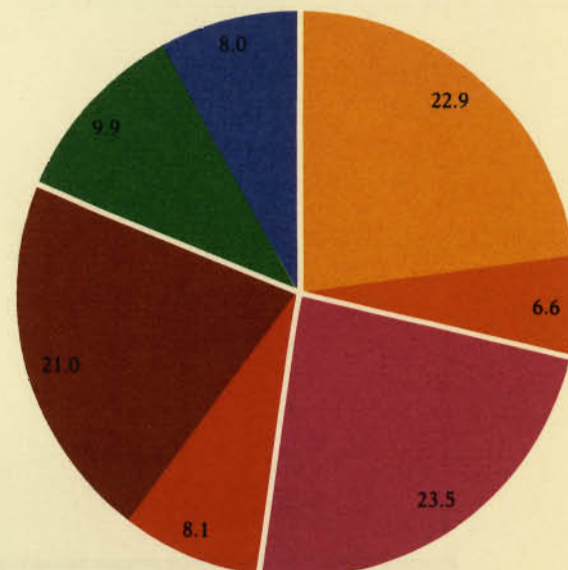
Combined Results

Under existing accounting rules a company cannot report as part of the consolidated statements the operating results of investments in which it has a significant influence but owns 50 percent or less of the shares. In order to highlight the total impact Dylex has on the Canadian market the following supplementary data incorporates the results of both the consolidated and non-consolidated operations. The profits for the non-consolidated operations such as Town and Country and Bi-Way are reported in the audited statements as investment income.

The discussion that follows reports on the combined sales of Dylex and separates sales into markets served.

Retailing and Manufacturing

percent of combined sales



Retailing

Category	Consolidated	Unconsolidated
Women's	Fairweather Suzy Shier (50.1%) Braemar B.H.Emporium	Town and Country (50%) Rubys/Feathers (50%)
Men's	Tip Top Big Steel Man Harry Rosen (51%) Canadian Clothiers* Target Apparel (75%)*	
Family	Thrifty's (50.01%)	Bi-Way (50%)

*Integrated manufacturing

Manufacturing

Consolidated	Unconsolidated
Manchester Children's Wear National Knitting NuMode Dress (75%) Paulman International (75%) Tobias Kotzin (70%) Irving Posluns Sportswear (75%)	Forsyth Group (33 1/3%) Manchester Manufacturing Inc. (42%) Shane Knit (50%)

thousands of dollars	1981				1980			
	Consolidated Sales	Associate Sales	Combined Sales	Percent Change	Consolidated Sales	Associate Sales	Combined Sales	Percent Change
Women's Wear	\$176,311	\$ 51,062	\$227,373	20.7	\$142,021	\$ 46,381	\$188,402	23.0
Men's Wear	180,570	—	180,570	20.8	149,504	—	149,504	17.8
Family Wear	61,978	161,187	223,165	9.0	103,990	100,806	204,796	19.3
Manufacturing	81,198	73,673	154,871	7.9	67,921	75,652	143,573	21.2
Less Inter Group	(4,699)	(12,484)	(17,183)		(4,199)	(12,150)	(16,349)	
	<u>\$495,358</u>	<u>\$273,438</u>	<u>\$768,796</u>	<u>14.8</u>	<u>\$459,237</u>	<u>\$210,689</u>	<u>\$669,926</u>	<u>21.5</u>

Combined sales increased 14.8 percent despite a weakening economy that included tightening of the money supply, high unemployment and low consumer confidence, both in Canada and in most of the western world. Dylex' performance under these conditions was excellent and reflects innovative merchandising and marketing which produced outstanding sales volumes and discipline in controlling inventories, store costs and head office expenses which helped convert sales into record profits.

Canadian Women's Wear Market

Women's clothing sales in the past four year period have shown steady growth, with little cyclical relationship to economic indicators. This phenomenon is partly attributable to the increasing participation of women in the work force leading to an increased demand for clothes. In 1981 Canadian women's wear sales exceeded \$2.7 billion, an increase of 14.3 percent over 1980. In the same period, the consumer price index for women's clothing increased 6.3 percent, resulting in a real increase in sales of eight percent. This was in sharp contrast to 1980, when sales declined in real terms by 2.2 percent.

Dylex Women's Wear

Combined women's wear retail sales by Dylex chains increased 20.7 percent from \$188.4 million to \$227.3 million and is the corporation's largest business in volume of sales and profits. Operating earnings (earnings before interest and corporate charges) increased from \$16.2 million or 8.6 percent of sales to \$17.0 million or 7.5 percent of sales. Overall productivity increased from \$164 to \$184 per square foot or 12.2 percent. During the year Dylex had a net addition of 35 new women's wear stores and ended the year with 357.

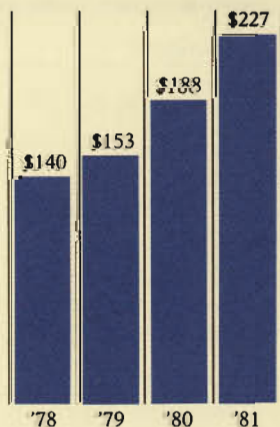
Sales gains were particularly strong in the first half of the year but weakened in the last six months when heavier markdowns were taken to maximize sales momentum and to clear merchandise after the Christmas selling period.

Fairweather continued its aggressive merchandising program based on upbeat advertising with an emphasis on value. Sales increased 21 percent helped by lower initial markons. Sales per square foot were 13 percent higher and the division improved its inventory turnover. Nine Fairweather stores were opened and two closed bringing the total to 105 at year-end.

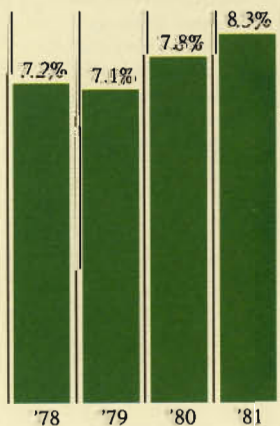
The division made inroads in the teens' market through its B.H. Emporium stores. Emphasizing value and

Women's Wear Sales

millions



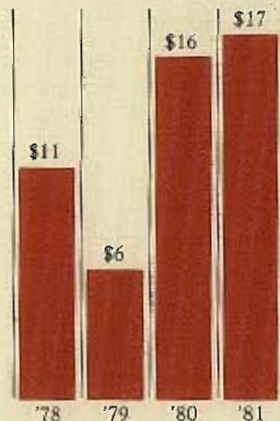
Women's Wear Market Share



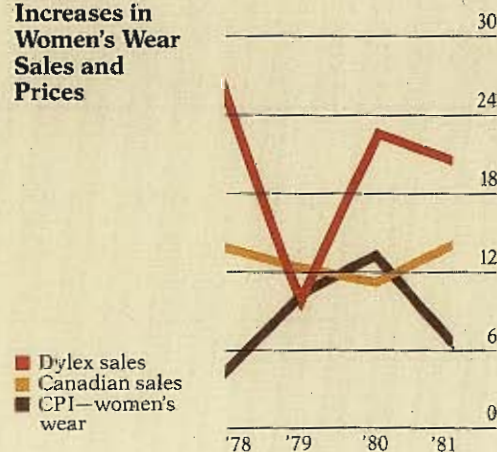
**Women's Wear
Sales per
Square Foot**



**Women's Wear
Operating
Earnings**
millions



**Percent
Increases in
Women's Wear
Sales and
Prices**



featuring marketing programs utilizing customer participation events, B.H. Emporium has the potential for substantial future growth. Over the year the number of stores tripled from three to nine.

Suzy Shier sales increased by 35 percent with the greater portion of that growth coming from 19 new stores opened in the year. Sales per square foot increased by 11 percent. Emphasis continued to be placed on quality at affordable prices with strong in-store visual images and aggressive marketing reinforcing this theme.

Braemar sales increased 25 percent over 1980 levels, principally attributable to new store openings. The division has been successful in developing a growing base of loyal customers by providing the informed shopper with quality in fabrics and workmanship. Inventory turnover was significantly higher and sales per square foot increased eight percent.

Town and Country sales increased six percent over the previous year. In the past year the chain commenced carrying petite sizes to broaden its customer appeal. One new store was opened in 1981 and the emphasis in 1982 will be on substantial plant renovations.

Sales in the Rubys shoe division rose by 25 percent compared with a Canadian retail shoe sales increase of 16 percent. The division is moving into the higher priced women's shoe market with its six Feathers stores.

Women's Wear Stores

	1981	1980	1979	1978
British Columbia	22	23	22	17
Prairies	50	34	29	20
Ontario	215	199	192	170
Quebec	32	28	28	29
Atlantic	38	38	34	30
Total	357	322	305	266
Store openings	37	22	42	58
Store closings	2	5	3	—

Canadian Men's Wear Market

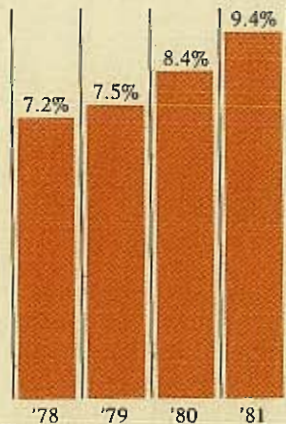
Men's clothing sales rebounded after the poor showing in 1980, increasing by 8.1 percent. The consumer price index for men's clothing increased 7.3 percent on an annualized basis for a market increase in real terms of 0.8 percent. This represents an improvement over the prior year when the market in real dollars declined 5.5 percent.

Men's Wear Sales

millions



Men's Wear Market Share



Men's Wear Sales per Square Foot



Dylex Men's Wear

Men's wear sales by Dylex divisions increased 20.8 percent from \$149.5 million to \$180.6 million.

The corporation's share of this market increased from 8.4 percent the previous year to 9.4 percent in 1981. Margins were maintained through continued emphasis on inventory and cost controls. The result was an increase in operating earnings from \$8.6 million or 5.8 percent of sales to \$13.7 million or 7.6 percent of sales. Productivity increased from \$187 to \$223 per square foot.

Tip Top produced a sales increase of 20 percent, largely through greater market penetration. Inventory levels were controlled to reduce markdown risk and the division was successful in maintaining the same dollar investment in inventory as the prior year despite the net addition of eight new stores and higher sales volumes from existing outlets. Sales productivity per square foot increased by 16 percent.

A computer inventory system has been developed that provides a store-by-store profile so that the basic merchandise package can be adjusted for individual markets. This allowed the division to increase its market share in most regions of Canada.

Harry Rosen sales increased by 25 percent in 1981. This was largely the result of the opening of the chain's first western store and the opening of a women's wear department in a Toronto store. Store-for-store increases also played a significant role. Current plans call for the expansion of the women's wear department in 1982.

Big Steel Man has established itself as a strong force in the young men's market by providing the style and value that was demanded. This growth represents a penetration into a market whose needs were previously underserved and is a good example of how innovation through specialization has yielded profitable results for Dylex.

The growth in Big Steel Man has been dramatic. In two years sales have more than doubled to over \$40 million.

This success is a function of a carefully developed merchandising plan, which includes aggressive, upbeat advertising and the use of store-by-store profiling which adapts the basic product package for the requirements of each outlet. The year saw the net addition of seven stores and the division increased its sales per square foot by 32 percent.

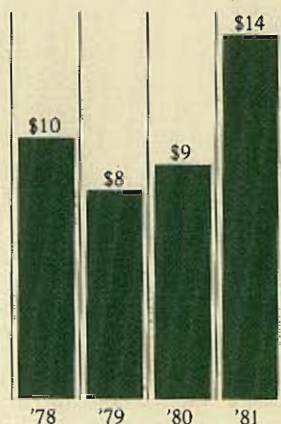
In order to provide a management team that is able to respond to the demands of rapid growth, Big Steel Man has been separated from the Fairweather organization and established as a division of its own.

Men's Wear Stores

	1981	1980	1979	1978
British Columbia	31	32	30	28
Prairies	62	53	47	41
Ontario	114	108	104	97
Quebec	31	29	30	33
Atlantic	30	29	27	25
Total	268	251	238	224
Store openings	23	17	17	25
Store closings	6	4	3	5

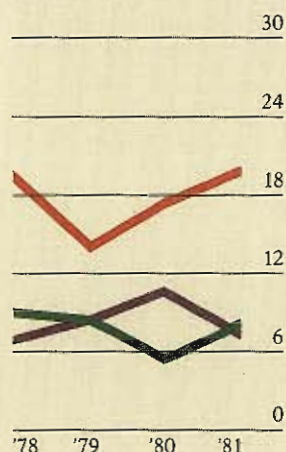
Men's Wear Operating Earnings

millions



Percent Increases in Men's Wear Sales and Prices

■ Dylex sales
■ Canadian sales
■ CPI—men's wear



Dylex Family Wear

Combined sales of Dylex family wear chains increased nine percent from \$204.8 million to \$223.2 million, however earnings fell from \$12.4 million or 6.1 percent of sales to \$10.0 million or 4.5 percent of sales. Productivity increased by five percent from \$206 to \$216 per square foot.

Total Bi-Way sales were approximately 12 percent ahead of last year and significant reductions in overhead costs were achieved. The division continued its high volume/low price approach to generating strong earnings.

The integration of the former Family Fair stores into the Bi-Way division has begun to show the improved bottom line result which was anticipated. Sales at the converted units showed considerable improvement but were partially offset by declines at some of the Bi-Way stores, particularly those in the same trading areas.

The total number of stores remained unchanged at 84 with four openings and four closings during the year. The store in the United States did not perform satisfactorily and was closed.

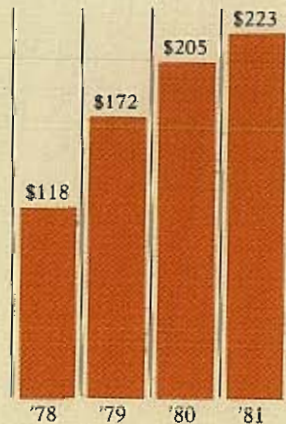
The jeans market has changed over the past several years from a basic commodity dominated by a few major brand name suppliers to one in which the same product now competes against higher priced, heavily promoted designer jeans from many different suppliers. Competition has become intense among specialty retailers, department stores and discounters. Thrifty's has been slow to react to this change and experienced only a modest two percent gain in sales despite the net addition of eight new stores. Profits were eroded by heavy markdowns and increased costs. As a result of Thrifty's performance, total family wear earnings were lower.

In an attempt to respond to the changed market conditions and intense competition, Thrifty's is adopting a more aggressive advertising approach, relying less on basic commodity sales, cutting costs and closing some of the less profitable units. In addition, inventory is being more closely monitored and stock levels reduced. The current year will be a critical one as the division strives to regain a dominant market position.

Family Wear Stores

	1981	1980	1979	1978
Bi-Way Stores				
Total (Ontario)	84	84	75	63
Store openings	4	10	12	32
Store closings	4	1	—	1
Thrifty's Stores				
British Columbia	16	16	14	13
Prairies	37	33	29	26
Ontario	58	56	55	53
Atlantic	18	17	15	14
Total	129	122	113	106
Store openings	10	10	8	11
Store closings	3	1	1	1

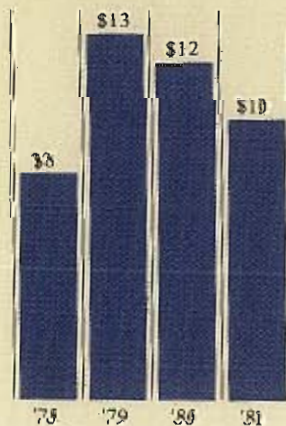
Family Wear Sales
millions



Family Wear Sales per Square Foot



Family Wear Operating Earnings
millions



Dylex Manufacturing

The sales gains in the manufacturing group are primarily a result of a full year's operation of Tobias Kotzin, acquired in May 1980. Excluding Kotzin sales, the other divisions achieved net dollar sales which were approximately equal in both years.

Lower operating earnings and margins reflect reduced volumes in the women's manufacturing divisions.

Dylex manufacturing	1981	1980
	<i>thousands of dollars</i>	
Combined sales	\$154,871	\$143,573
Operating earnings	\$ 12,996	\$ 13,074
Increase in combined sales	7.9%	21.2%
Return on sales	8.4%	9.1%

Sales of men's shirts and leisure wear by Forsyth were marginally ahead in the latest year. Tobias Kotzin's sales of men's casual slacks and jackets were above the preceding year and profit improved.

The two men's suit divisions formed in 1980 to manufacture for the trade showed substantial sales gains. Paulman International increased sales significantly and made some shipments into the U.S. market. Target Apparel, which also manufactures suits for Big Steel Man, incurred normal start up costs in its first year of operation.

Women's manufacturing is composed of five divisions making coats, dresses and sportswear in Canada and one division making coats in the United States.

In October 1981, the Irving Posluns Sportswear division was restructured as a joint venture with Dylex owning 75 percent of the operation. A modernization program was begun as a major step in improving productivity. The revamping of operations resulted in a decline in sales.

Nu Mode Dress sales increased modestly and earnings continued at a strong level. Manchester division in Montreal, a manufacturer of women's and children's coats, experienced a drop in sales but through reductions in overhead and expenses, operating margins improved.

Sales at National Knitting declined and margins came under pressure. Production difficulties and a lack of efficiency in knitting operations resulted in an operating loss for the year. The smaller Shane Knit and Manchester Manufacturing divisions had sales declines but were able to achieve close to the same dollar profit as the previous year.

Financial Review

The previous discussion was developed around an analysis of combined sales and results in order to show the total impact of Dylex on the Canadian market. In the discussion that follows the analysis is based on consolidated results, focussing on the performance of Dylex as an operating entity over the past year.

Interest Costs

	1981	1980	Percent Change
	<i>thousands of dollars</i>		
Long-term debt	\$ 3,920	\$ 3,431	14.3
Capital lease obligations	3,613	3,484	3.7
Other interest (income)/expense	(4,115)	1,793	n/a
	<u>\$ 3,418</u>	<u>\$ 8,708</u>	(60.7)

Interest costs were lower by \$5.3 million or 61 percent as a result of the high cash balances from the sale of the credit card operation at the end of 1980; from reduced working capital requirements following the Family Fair sale; and generally lower inventory levels.

Higher prime rates, up more than 400 basis points, increased long-term debt costs by 14.3 percent. The company ended the year with \$24 million in long-term debt, approximately equal to the amount one year ago. About 60 percent of the long-term debt is based on floating loan rates and the average interest rate paid on long-term debt was 16.4 percent.

Interest costs on capital lease obligations rose 3.7 percent. At year-end 36 percent of the lease obligations outstanding were at floating rates and the average interest rate paid for the year, after allowing for floating rate changes, was 15.4 percent.

The caption "other interest" represents net interest expense or revenue for the year. In 1981 we were able to invest surplus cash and generate net revenue of \$4.1 million. In 1980, working capital requirements were such that there was a net interest expense of \$1.8 million.

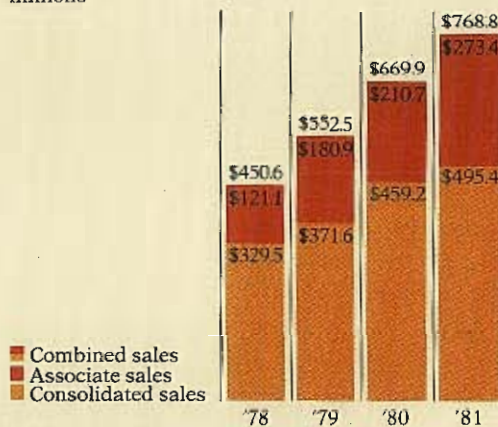
Corporate Charges

Corporate charges include cost of head office administration, donations, corporate legal and secretarial and real estate services.

These were significantly higher in 1981 due to a provision for the conversion in 1982 of the company's computer operation; a temporary increase in unused space in company properties; and increased administrative costs.

Sales

millions



Net Earnings (before extraordinary item)

millions



Interest Costs

millions



Taxes

The consolidated tax rate increased to 46.5 percent (detailed below) from 45 percent a year ago, primarily due to a reduced impact of the three percent inventory allowance and a lower investment tax credit.

	1981	1980
Basic Canadian federal tax rate	46.0%	46.0%
Federal income tax abatement	(10.0)	(10.0)
Manufacturing and processing tax credits	(0.9)	(0.8)
Federal surtax	1.8	1.8
Investment tax credits	(0.5)	(1.1)
Average provincial tax rate	13.7	13.5
Inventory allowance	(4.4)	(6.1)
Other	0.1	0.6
Effective Canadian income tax rate	<u>45.8%</u>	<u>43.9%</u>
Effective Canadian and foreign combined income tax rate	<u>46.5%</u>	<u>45.0%</u>

Deferred income taxes of \$3.1 million are primarily due to the timing differences between depreciation, amortization and capital cost allowance of various long-term assets.

Investment Income

Investment income increased from \$4.5 million to \$5.2 million because of higher earnings from retail investments, primarily Bi-Way. Non-consolidated retail sales, including the Family Fair stores sold to Bi-way, increased by 44.2 percent, while manufacturing sales decreased slightly.

	1981	1980
Sales	<i>thousands of dollars</i>	
retail	\$212,249	\$147,187
fashion manufacturing	73,673	75,652
	<u>\$285,922</u>	<u>\$222,839</u>
Net earnings	<u>\$ 11,318</u>	<u>\$ 9,724</u>
Dylex' share	<u>\$ 5,164</u>	<u>\$ 4,453</u>

Minority Interest — subsidiary earnings

Minority interest in subsidiary earnings reflects the partners' share of the consolidated subsidiaries — Thrifty's, Suzy Shier, Harry Rosen, Tobias Kotzin and Paulman International. The sharp decline in 1981 from \$2.8 million to \$1.2 million resulted from substantial reductions in Thrifty's results partially offset by gains in the other entities.

Cash and Short-term Deposits

Dylex' cash position decreased to \$30.5 million as detailed below:

Cash flow analysis	1981	1980
	<i>thousands of dollars</i>	
Cash provided by:		
Cash from operations	\$ 30,174	\$ 20,885
Decrease in current assets other than cash	—	17,860
Increase in current liabilities	2,200	9,942
Increase in long-term debt	224	7,987
Other	146	517
Issue of Class "A" Shares	900	—
	<u>33,644</u>	<u>57,191</u>
Cash used for:		
Increase in current assets other than cash	15,807	—
Leased assets under capital lease	7,884	5,466
Fixed assets	6,714	3,913
Acquisitions	—	3,059
Decrease in obligations under capital lease	2,063	2,473
Dividends		
Dylex shareholders	2,917	2,370
Minority interest	550	1,000
Increase in investments	2,433	—
	<u>38,368</u>	<u>18,281</u>
(Decrease)/increase in cash	<u>\$ (4,724)</u>	<u>\$ 38,910</u>

The year-end cash and short-term deposits balance includes a net investment of \$12.9 million in Government of Canada Treasury Bills, \$14.1 million in deposit certificates with major Canadian and United States banks and other high interest bearing securities.

Accounts Receivable

Accounts receivable increased from \$14.8 million in 1980 to \$15.0 million in 1981.

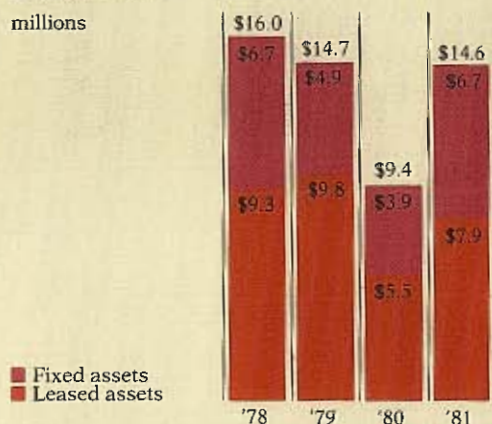
	1981	1980
	<i>thousands of dollars</i>	
Retail	\$ 2,778	\$ 2,923
Fashion manufacturing	9,966	9,054
Other	2,252	2,797
	<u>\$ 14,996</u>	<u>\$ 14,774</u>

Retail accounts receivable include amounts due on bank credit card purchases and layaways. Manufacturing receivables were up 10 percent reflecting higher fourth quarter sales and receivables from our U.S. operations.

Other receivables include such items as advances to contractors for the construction of store facilities to be leased in 1982 and amounts due from associate companies.

Capital Expenditures

millions



Inventories

Inventories increased 20.3 percent from \$64.1 million to \$77.1 million.

	1981	1980
	<i>thousands of dollars</i>	
Retail	\$ 60,269	\$ 50,477
Fashion manufacturing	16,804	13,579
	<u>\$ 77,073</u>	<u>\$ 64,056</u>
Increase (decrease) in inventory		
retail	19.4%	(13.2%)
fashion manufacturing	23.7%	45.8%
Turnover		
retail (at retail level)	4.0	3.8
fashion manufacturing	3.7	3.7
overall	3.9	3.7

Retail inventories rose by \$9.8 million for the year largely due to higher levels in the integrated apparel operations. The commencement during the year of additional integrated manufacturing operations for Tip Top and Big Steel Man resulted in approximately \$7.0 million additional inventory at year-end.

Excluding the integrated manufacturers at the retail level and allowing for the sale of the Family Fair division, retail inventories are 13 percent above last year, slightly below their comparable sales increase.

The manufacturing inventory has increased by \$3.2 million principally from the trade business of Target Apparel and higher inventories at Tobias Kotzin in the U.S.

Notes and Other Investments

In January 1982, Dylex invested \$5 million in a research and development (R&D) contract, approximately 50 percent of which is included in current assets. In return for the investment Dylex will receive the tax deduction resulting from R & D expenditures in 1982 and guaranteed royalties over the subsequent four years.

Investments in Associate Companies

Investments include the original cost of the companies in which Dylex owns 50 percent or less. Each year adjustments are made for the corporation's share of the earnings, less any dividends received. The adjustments for the current year are as follows:

	1981	1980
	<i>thousands of dollars</i>	
Balance, beginning of year	\$ 22,853	\$ 19,278
Dylex' portion of the earnings of associate companies	5,164	4,453
	<u>28,017</u>	<u>23,731</u>
Less: Dividends received from associate companies	4,858	716
(Increase) decrease in advances	(14)	162
Balance, end of year	<u>\$ 23,173</u>	<u>\$ 22,853</u>

The financial position of the associate companies is summarized below:

	1981	1980
	<i>thousands of dollars</i>	
Current assets	\$ 90,190	\$ 68,788
Current liabilities	59,200	32,604
Working capital	30,990	36,184
Fixed assets	14,928	11,821
Other assets net of liabilities	(8,157)	(8,705)
Shareholders' equity	\$ 37,716	\$ 39,300

Fixed Assets

Included in the \$6.7 million which was invested in fixed assets during the year was \$1.0 million for the land and building for a Montreal distribution centre and \$1.3 million capital expenditures for our manufacturing operations. The remaining additions included store renovations, company owned plant, point of sale computer equipment, and the acquisition of store leases.

Fully depreciated equipment was written off the books of account in 1981 and balances in the cost and accumulated depreciation accounts were adjusted accordingly.

	1981	1980
	<i>thousands of dollars</i>	
Land	\$ 2,430	\$ 1,730
Buildings	9,888	9,070
Equipment and leasehold improvements	27,001	27,982
	39,319	38,782
Accumulated depreciation	12,346	13,728
	\$ 26,973	\$ 25,054

Leased Assets

Dylex leases most of the store equipment and fixtures required to open a new outlet. A typical Fairweather store may cost more than \$350,000 and the smaller Tip Top and Suzy Shier stores may exceed \$175,000.

In accordance with the accounting requirements of the Canadian Institute of Chartered Accountants, leases are considered to be capital if the lease term covers 75 percent of the economic life, the present value of lease payments exceeds 90 percent of the original cost of the assets, or the contract contains a bargain purchase option. Store equipment and fixture leases signed over the past few years qualify under the rules and have been capitalized. Leases for retail locations do not meet the requirements and have been expensed.

Leased assets under capital lease increased \$7.9 million compared with \$5.5 million the preceding year. The capitalized amounts are amortized at the same rates that would be used if the assets were owned by the company.

Long-term Liabilities

Long-term liabilities include obligations under capital lease and long-term debt as follows:

	1981	1980
	<i>thousands of dollars</i>	
Obligations under capital lease		
Minimum lease payments	\$ 45,124	\$ 42,286
Less: amounts representing imputed interest at rates in effect at drawdowns	11,582	9,226
Present value of obligations under capital lease	33,542	33,060
Due within one year	9,959	7,414
	23,583	25,646
Long-term debt		
Amounts outstanding	24,682	24,906
Due within one year	929	1,377
	23,753	23,529
Total obligations under capital lease and long-term debt	\$ 47,336	\$ 49,175

Total long-term liabilities decreased by \$1.8 million during the year principally as a result of a greater proportion of capital lease obligations falling due within the next year.

During the year new lease obligations totalling \$8.9 million were arranged at fixed rates for a period of six years with a residual balance payable at the end of the lease term.

Total long-term debt remained nearly equal to the preceding year. During the year several re-financings were arranged to achieve more favourable floating rates and to extend the debt term.

The ratio of debt to equity improved from last year as follows:

	1981	1980
	<i>thousands of dollars</i>	
Long-term liabilities	\$ 47,336	\$ 49,175
Shareholders' equity	\$ 96,462	\$ 81,979
Debt/Equity ratio	0.49:1	0.60:1

Shareholders' Equity

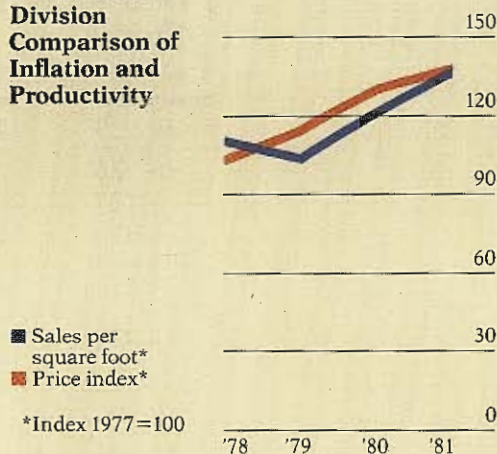
During the year, 50,000 Class "A" shares were issued at a price of \$18.00 each to the Trustees of the Key Employee Stock Plan.

	1981	1980
	<i>thousands of dollars</i>	
Shareholders' equity	\$ 96,462	\$ 81,979
Shares outstanding	5,976	5,926
Book value per share	\$ 16.14	\$ 13.83
Return on shareholders' equity (average equity)	18.5%	15.6%

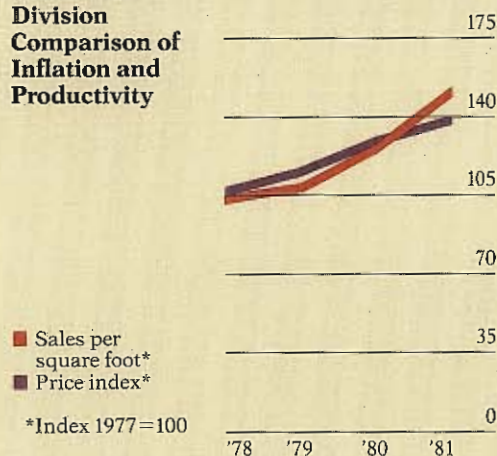
James F. Kay, Wilfred Posluns, Irving Posluns and Jack Posluns directly or indirectly own 77.3 percent of the voting and 25.3 percent of the Class "A" shares of the company.

There were 1,521 shareholders at the year-end, compared with 1,440 the previous year. During the year 39,372 Common shares and 1,030,919 Class "A" shares were traded.

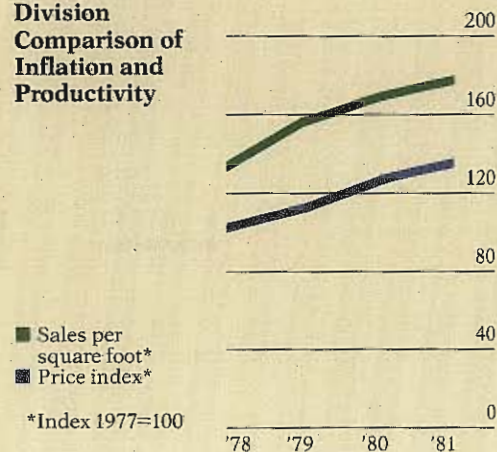
Women's Wear Division Comparison of Inflation and Productivity



Men's Wear Division Comparison of Inflation and Productivity



Family Wear Division Comparison of Inflation and Productivity



Managing Inflation

An increasingly significant reporting problem facing issuers and users of financial statements is the effect of the current high levels of inflation. For several years the Canadian Institute of Chartered Accountants and other accounting bodies have been addressing this complex issue and have yet to formalize guidelines.

Inflation's impact on inventories influences reported earnings as well as balance sheet valuations. Dylex' high inventory turnover (approximately once every three months for each of the past two years) and the fact that much of the inventory is financed by supplier credit means that the company is achieving a reasonable match of revenues and costs.

The cost of fixed asset construction also feels inflation's impact. We have kept cost increases well below the increase for non-residential construction during the last five years by standardizing and altering store design and improving cost controls. However, in 1981 our costs began to increase at approximately the same rate as the residential construction index. Consequently the replacement value of most stores is somewhat higher than reported on the balance sheet.

Retailers must consider the effect of price changes on their customers. If customers are dissatisfied with the prices charged they may choose to shop elsewhere; they may delay purchases; or they may simply do without. The economies of scale provided by high sales volume make it essential that a retailer select product and price points which will satisfy his requirements and that of his customer. Generally, the Dylex divisions have been conscious of this aspect of inflation and have moved to keep price points low in order to achieve these higher sales volumes. In order to measure this aspect of the company's performance we have charted on the accompanying graphs the index of sales gains per square foot against an index of the appropriate consumer price change for each of the women's, men's and family groups.

Consolidated Statement of Earnings

For the year ended January 30, 1982

Dylex Limited

	Jan. 30, 1982	Jan. 31, 1981
	<i>thousands of dollars</i>	
Sales		
Retail	\$ 418,859	\$ 395,515
Fashion manufacturing	76,499	63,722
Net sales	<u>\$ 495,358</u>	<u>\$ 459,237</u>
Earnings from operations before the following charges	<u>\$ 37,923</u>	<u>\$ 37,835</u>
Depreciation and amortization	10,926	10,154
Amortization of goodwill	137	136
Interest on long-term debt	3,920	3,431
Interest on capital lease obligations	3,613	3,484
Other interest (income)	(4,115)	1,793
	<u>14,481</u>	<u>18,998</u>
Earnings before income taxes	23,442	18,837
Income taxes	10,900	8,477
	<u>12,542</u>	<u>10,360</u>
Income from investments (note 4)	5,164	4,453
Minority interest in subsidiaries' earnings	(1,206)	(2,763)
Net earnings	<u>\$ 16,500</u>	<u>\$ 12,050</u>
Earnings per share	<u>\$ 2.77</u>	<u>\$ 2.03</u>

Consolidated Statement of Retained Earnings

For the year ended January 30, 1982

	Jan. 30, 1982	Jan. 31, 1981
	<i>thousands of dollars</i>	
Balance, beginning of year	\$ 56,606	\$ 46,904
Net earnings	16,500	12,050
Transfer from appraisal excess	22	22
	<u>73,128</u>	<u>58,976</u>
Dividends		
Common shares (49¢ per share; 1981 40¢)	398	329
Class "A" shares (49¢ per share; 1981 40¢)	2,519	2,041
	<u>2,917</u>	<u>2,370</u>
Balance, end of year	<u>\$ 70,211</u>	<u>\$ 56,606</u>

Consolidated Statement of Financial Position

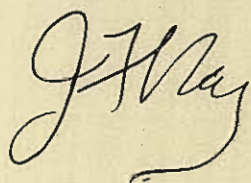
(Incorporated under the laws of Canada)

Dylex Limited

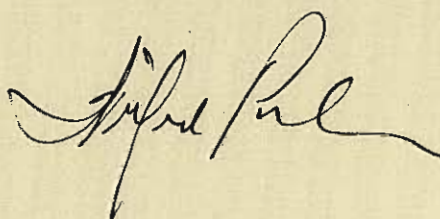
Jan. 30, 1982 Jan. 31, 1981

	<i>thousands of dollars</i>	
Current assets		
Cash and short-term deposits _____	\$ 30,549	\$ 35,273
Accounts receivable (note 2) _____	14,996	14,774
Inventories (note 3) _____	77,073	64,056
Prepaid expenses _____	1,269	1,150
Notes and other investments due within one year _____	2,995	546
	<u>126,882</u>	<u>115,799</u>
Current liabilities		
Accounts payable _____	44,451	43,549
Income and other taxes payable _____	5,712	6,511
Long-term debt due within one year _____	929	1,377
Obligations under capital leases due within one year _____	9,959	7,414
	<u>61,051</u>	<u>58,851</u>
Working capital _____	<u>65,831</u>	<u>56,948</u>
Other assets		
Investments in associate companies (note 4) _____	23,173	22,853
Notes and other investments _____	4,531	2,224
Fixed assets (note 5) _____	26,973	25,054
Leased assets under capital leases (note 6) _____	35,896	34,289
Goodwill at cost less amortization _____	823	848
Assets employed _____	<u>\$ 157,227</u>	<u>\$ 142,216</u>
Financed by —		
Other liabilities		
Long-term debt (note 7) _____	\$ 23,753	\$ 23,529
Obligations under capital leases (note 8) _____	23,583	25,646
Deferred income taxes _____	3,124	1,413
Minority interest _____	10,305	9,649
	<u>60,765</u>	<u>60,237</u>
Shareholders' equity		
Capital stock (note 9)		
Common shares _____	1,710	1,721
Class "A" shares _____	22,973	22,062
Excess of appraised value of fixed assets over cost _____	1,568	1,590
Retained earnings _____	70,211	56,606
	<u>96,462</u>	<u>81,979</u>
Capital employed _____	<u>\$ 157,227</u>	<u>\$ 142,216</u>

Approved on behalf of the board



J. F. Kay, Director



W. Posluns, Director

Consolidated Statement of Changes in Financial Position

Dylex Limited

For the year ended January 30, 1982

Jan. 30, 1982 Jan. 31, 1981

	<i>thousands of dollars</i>	
Source of funds:		
Net earnings	\$ 16,500	\$ 12,050
Depreciation and amortization	4,786	4,711
Amortization of leased assets under capital leases	6,277	5,579
Income from investments (net of dividends received)	(306)	(3,737)
Increase (decrease) in deferred income taxes	1,711	(481)
Minority interest in subsidiaries' earnings	1,206	2,763
Funds provided by operations	30,174	20,885
Increase in long-term debt	224	7,987
Issue of Class "A" shares	900	—
Decrease in investments	—	415
Disposal of fixed assets	146	102
	<u>31,444</u>	<u>29,389</u>
Use of funds:		
Leased assets under capital leases	7,884	5,466
Fixed assets	6,714	3,913
Decrease in obligations under capital leases (net)	2,063	2,473
Dividends	2,917	2,370
Dividend to minority interest	550	1,000
Increase in notes and other investments	2,307	—
Increase in investments in associate companies	126	—
Acquisition, less working capital acquired	—	3,059
	<u>22,561</u>	<u>18,281</u>
Increase in working capital	\$ 8,883	\$ 11,108
Analysis of changes in working capital		
Cash and short-term deposits	\$ (4,724)	\$ 38,910
Accounts receivable	222	(14,816)
Inventories	13,017	(3,436)
Accounts payable	(902)	(11,866)
Income and other taxes payable	799	(4,935)
Notes payable	—	7,979
Other (net)	471	(728)
Increase in working capital	\$ 8,883	\$ 11,108

Notes to Consolidated Financial Statements

As at January 30, 1982

1. Accounting policies

Principles of consolidation The Consolidated Financial Statements include the accounts of all divisions and subsidiaries of Dylex Limited as well as the Company's share of the assets, liabilities, sales and expenses of its unincorporated joint ventures. All significant inter-company transactions have been eliminated.

Where 50% or less of the outstanding common shares of associate companies are held, the investment is initially recorded at cost and adjusted annually to show the Company's share of earnings and dividends.

Inventories Retail inventories are valued, using the retail inventory method, at the lower of cost and net realizable value, less normal profit margins. Manufacturing inventories are valued at the lower of cost (principally on a first-in, first-out basis) and net realizable value.

Fixed assets Fixed assets are recorded at cost, except for the company's property at 637 Lake Shore Boulevard West, Toronto, which is at 1967 appraised value. The appraisal excess is being transferred to retained earnings at the rate used for the depreciation of buildings.

Depreciation is designed to amortize the fixed assets on a straight-line basis over their estimated useful lives at the following rates:

Buildings	2½%
Building renovations	20%
Equipment and leasehold improvements	10-20%
Automotive	25%

When fixed assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the Consolidated Statement of Earnings.

Leases Certain long-term lease transactions relating to the financing of store and other equipment are accounted for as capital leases. Assets recorded under capital leases are amortized on a straight-line basis using rates that are consistent with similar company owned assets. Obligations recorded under capital leases are reduced by rental payments net of imputed interest.

All other leases, including those relating to store premises, are classified as operating leases and are expensed in accordance with the terms of the lease agreement.

Foreign currency translation The accounts of the foreign subsidiary are translated into Canadian dollars as follows:

- current assets and current liabilities at exchange rates in effect at year end
- other assets and liabilities at historical rates

c. revenue and expense at average rates, except depreciation and amortization which are translated at the same rates as the related assets.

Both realized and unrealized exchange gains and losses are included in earnings.

Goodwill The excess of purchase price over the fair market value of the net assets of subsidiaries and associates is being amortized on a straight-line basis over a period not exceeding forty years. Goodwill on acquisitions prior to March 31, 1974, was written off to retained earnings.

Pension Plan The Dylex pension plan is a unit benefit career average plan which, based on actuarial reviews, has no unfunded liability for either past or future service benefits. All current costs are expensed as incurred.

Store opening costs All costs associated with the opening of new stores are expensed as incurred.

2. Accounts receivable

	1982	1981
	<i>thousands of dollars</i>	
Retail	\$ 2,778	\$ 2,923
Fashion manufacturing	9,966	9,054
Other	2,252	2,797
	<u>\$ 14,996</u>	<u>\$ 14,774</u>

3. Inventories

	1982	1981
	<i>thousands of dollars</i>	
Retail	\$ 60,269	\$ 50,477
Fashion manufacturing	16,804	13,579
	<u>\$ 77,073</u>	<u>\$ 64,056</u>

4. Investments in associate companies

	Percentage ownership
Bi-Way Stores Limited (including Family Fair)	50%
Brody's Town & Country (1967) Limited	50%
Drug World Limited	50%
Shane Knit Limited	50%
The Shoe Shoppe Limited	50%
Manchester Manufacturing Inc.	42%
Forsyth Trading Company	33⅓%

5. Fixed assets

	1982	1981
	<i>thousands of dollars</i>	
Land	\$ 2,430	\$ 1,730
Buildings	9,888	9,070
Equipment and leasehold improvements	27,001	27,982
	39,319	38,782
Accumulated depreciation	12,346	13,728
	<u>\$ 26,973</u>	<u>\$ 25,054</u>

6. Leased assets under capital leases

	1982	1981
	<i>thousands of dollars</i>	
Capital leases	\$ 62,893	\$ 55,681
Accumulated amortization	26,997	21,392
	<u>\$ 35,896</u>	<u>\$ 34,289</u>

7. Long-term debt

	1982	1981
	<i>thousands of dollars</i>	
Notes payable		
10% loan, due July 21, 1985 (U.S. \$4,600,000 — 1981 \$4,800,000)	\$ 5,498	\$ 5,676
10% debenture due February 26, 1989	653	653
Term bank loans payable at floating interest rates (approximately bank prime rate)		
Due January 22, 1987	2,500	—
Due January 27, 1987	6,000	—
Due May 5, 1983	—	4,000
Finance company notes secured by chattel mortgages	1,462	2,028
Other U.S. loans repaid during the year (approximately U.S. prime interest) due in July, 1985 (1981 U.S. \$5,500,000)	—	6,504
First mortgages on buildings		
Due December 31, 1986, at floating interest rate (approximately U.S. prime bank rate, U.S. \$5,500,000)	6,559	—
9½% due December 1, 1997	555	570
10½% due May 15, 1999	714	728
Due May 15, 1985, repaid during year (approximately bank prime rate)	—	3,843
Other, principally landlord loans	741	904
	24,682	24,906
Due within one year	929	1,377
	<u>\$ 23,753</u>	<u>\$ 23,529</u>

Requirements for repayment within the next five years are as follows:

1983	\$ 929
1984	839
1985	1,081
1986	6,906
1987	12,793

8. Lease commitments

The future minimum lease payments under capital and operating leases that have initial or remaining noncancellable terms in excess of one year as at January 30, 1982, are as follows:

	Capital leases	Operating leases
	<i>thousands of dollars</i>	
1983	\$ 13,765	\$ 19,729
1984	9,724	19,516
1985	9,049	19,175
1986	5,758	18,479
1987	3,654	17,587
Thereafter	3,174	131,595
Total minimum lease payments	45,124	<u>\$226,081</u>
Less amount representing imputed interest at rates varying from 8.7% to 17.0%	11,582	
Present value of obligations under capital leases	33,542	
Due within one year	9,959	
Long-term obligations under capital leases	<u>\$ 23,583</u>	

Aggregate rentals paid on operating leases for property and equipment leases for the year ended January 30, 1982, amounted to \$27,824,000 (1981 — \$26,208,000).

9. Capital stock

Authorized 6,000,000 Common shares without par value (convertible into Class "A" shares on a one-for-one basis). 20,000,000 Class "A" participating preference shares, without par value. 1,000 Class "B" non-participating preference shares, without par value.

Issued

	1982	1981
	<i>thousands of dollars</i>	
812,707 Common shares (1981 — 817,907)	\$ 1,710	\$ 1,721
5,162,859 Class "A" shares (1981 — 5,107,659)	\$ 22,973	\$ 22,062

On July 31, 1981, 50,000 Class "A" shares were issued to the Trustees of the Key Employee Stock Plan for \$900,000 cash. During the year 5,200 Common shares were converted into Class "A" shares.

10. Related party transactions

a. *Associate companies* In the normal course of business the Company both purchases merchandise from and sells merchandise to its associate companies. During the year, these purchases and sales amounted to \$12,484,000 (1981 — \$12,150,000) and \$1,693,000 (1981 — \$1,867,000) respectively. As at January 30, 1982, accounts receivable included \$432,000 (1981 — \$753,000) due from these companies and accounts payable included \$950,000 (1981 — \$2,034,000) due to them.

b. *Related companies* The Company engages the services of a company, which is effectively controlled by senior officers and directors of Dylex Limited, to act on its behalf as a general contractor for the purpose of furnishing and fixturing some of its retail outlets. That company recovers its costs from Dylex Limited and receives a flat fee of \$60,000 per annum for its services.

c. *Affiliate* As at January 30, 1982, Strathearn House Group Limited, an affiliate, was indebted to Dylex Limited in the amount of \$2,072,000 (1981 — \$2,337,000)

represented by a 7% unsecured note due February 15, 1983, and repayable in equal monthly instalments on a 15 year amortization basis. Interest on this note during the year amounted to \$151,000 (1981 — \$169,000). The note, which arose on the sale of the Company's Home Product Group in 1973, is included in the financial statements under the caption of Notes and other investments.

11. Contingent liabilities

The Company has contingent liabilities to a maximum extent of \$5,559,000 arising from the Key Employee Stock Plan; consumer credit receivables sold under recourse in 1981; and, together with others, has guaranteed the bank loans and equipment lease obligations of associate companies.

The amounts outstanding under these contingencies at January 30, 1982, were \$5,059,000 against which the Company holds indemnities for \$770,000.

12. Segmented results

<i>thousands of dollars</i>	Retailing		Manufacturing		Adjustments		Consolidated	
	1982	1981	1982	1981	1982	1981	1982	1981
Sales	\$418,859	\$395,515	\$ 81,198	\$ 67,921	\$ (4,699)	\$ (4,199)	\$495,358	\$459,237
Operating earnings	25,557	23,917	5,124	6,108	—	—	30,681	30,025
Interest (net)	—	—	—	—	—	—	3,418	8,708
Corporate charges	—	—	—	—	—	—	3,821	2,480
Earnings before income tax	—	—	—	—	—	—	23,442	18,837
Assets at year end	121,090	115,341	43,271	33,801	53,917	51,925	218,278	201,067
Capital expenditures and assets under capital leases for the period	12,421	8,149	1,885	1,184	292	46	14,598	9,379
Depreciation and amortization	8,714	8,285	1,318	921	894	948	10,926	10,154

Auditors' Report

To the Shareholders of
Dylex Limited

We have examined the consolidated statement of financial position of Dylex Limited as at January 30, 1982 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at January 30, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
March 15, 1982

Wm. Eisenberg & Co.
Chartered Accountants

Ten Year Summary

Years ended January following	1981	1980	1979
Consolidated operating results			
	<i>thousands of dollars except per share and ratio data</i>		
Retail sales	\$418,859	395,515	334,195
Fashion manufacturing sales	81,198	67,921	44,068
Inter-group sales	(4,699)	(4,199)	(6,671)
Net sales	\$495,358	459,237	371,592
Net earnings before extraordinary items	\$ 16,500	12,050	9,045
Earnings per share before extraordinary items			
1st quarter	\$ 0.25	(0.05)	0.09
2nd quarter	0.40	0.10	0.02
3rd quarter	0.78	0.87	0.79
4th quarter	1.34	1.11	0.63
Total	\$ 2.77	2.03	1.53
Balance sheet analysis			
Total working capital	\$ 65,831	56,948	45,840
Total assets	\$218,278	201,067	178,286
Shareholders' equity ¹	\$ 96,462	81,979	72,299
Financial analysis			
Working capital ratio	2.1	2.0	1.9
Book value per share	\$ 16.14	13.83	12.20
Asset turnover	2.4	2.4	2.2
Inventory turnover ²	3.9	3.7	3.0
Return on equity — percent	18.5	15.6	13.1
Shareholders Information			
Number of shareholders	1,521	1,440	1,812
Average shares outstanding ('000)	5,951	5,926	5,926
Dividends on class "A" shares	\$ 0.49	0.40	0.40
Class "A" shares			
— high	\$ 19 $\frac{1}{8}$	16	16 $\frac{1}{4}$
— low	12 $\frac{1}{2}$	9	9
Retail Information (Consolidated and associate operations)³			
Consolidated	\$418,859	395,515	334,195
Associate	212,249	147,187	117,519
Total	\$631,108	542,702	451,714
Sales by market			
Women's	\$227,373	188,402	153,188
Men's	180,570	149,504	126,927
Family	223,165	204,796	171,599
Total	\$631,108	542,702	451,714
Number of stores ⁴	838	779	634
Store space at year-end ('000 sq. ft.)	3,140	2,992	2,865
Average store space during year ('000 sq. ft.)	3,077	2,916	2,735
Sales per square foot			
Women's	\$ 184	164	141
Men's	223	187	160
Family	216	206	192
Total retail	\$ 205	185	163

¹ Goodwill on acquisitions prior to 1974 has been written off. Earnings have been adjusted for the disposal of the Home Products Group at the end of 1972. Results for 1978 and subsequent years reflect the capitalization of leased assets (prior years figures have not been adjusted).

² Sales divided by average inventory at estimated selling price. Retail and manufacturing inventories were adjusted by theoretical gross margins to arrive at estimated sales value.

1978	1977	1976	1975	1974	1973	1972
299,488	249,446	223,197	187,625	148,298	107,446	82,768
34,835	25,416	24,700	23,941	25,488	27,124	23,688
(4,811)	(3,577)	(3,662)	(3,355)	(2,495)	(2,016)	(1,241)
<u>329,512</u>	<u>271,285</u>	<u>244,235</u>	<u>208,211</u>	<u>171,291</u>	<u>132,554</u>	<u>105,215</u>
<u>12,272</u>	<u>8,541</u>	<u>7,274</u>	<u>7,424</u>	<u>5,242</u>	<u>4,466</u>	<u>3,781</u>
0.23	0.17	0.18	0.15	0.13	0.10	0.07
0.15	0.12	0.16	0.15	0.12	0.10	0.07
0.80	0.56	0.50	0.52	0.32	0.27	0.22
0.89	0.62	0.41	0.45	0.33	0.30	0.29
<u>2.07</u>	<u>1.47</u>	<u>1.25</u>	<u>1.27</u>	<u>0.90</u>	<u>0.77</u>	<u>0.65</u>
42,073	37,943	29,982	26,916	22,556	17,848	12,001
135,232	101,334	91,787	84,618	72,290	66,938	61,713
65,297	55,059	46,839	40,876	34,654	30,228	23,264
1.8	2.2	1.9	1.8	1.8	1.6	1.4
11.02	9.29	8.04	7.01	5.95	5.19	4.00
2.3	2.8	2.8	2.7	2.5	2.1	—
3.1	3.1	3.2	2.9	2.7	2.4	—
<u>20.4</u>	<u>16.8</u>	<u>16.6</u>	<u>19.7</u>	<u>16.2</u>	<u>16.7</u>	<u>—</u>
1,936	2,279	2,592	2,683	2,869	2,743	2,693
5,926	5,826	5,826	5,826	5,826	5,826	5,803
0.325	0.225	0.225	0.20	0.14	0.12	0.075
14¾	8½	8¾	8¾	7¾	12¾	11¾
<u>8</u>	<u>6¾</u>	<u>5¾</u>	<u>4.30</u>	<u>3.00</u>	<u>5¾</u>	<u>4.25</u>
299,488	249,446	223,197	187,625	148,298	107,446	82,768
70,240	25,431	22,361	18,663	16,750	12,710	7,055
<u>369,728</u>	<u>274,877</u>	<u>245,558</u>	<u>206,288</u>	<u>165,048</u>	<u>120,156</u>	<u>89,823</u>
140,462	111,755	103,174	89,824	70,223	47,346	36,184
111,411	93,233	80,306	65,658	55,500	44,177	36,826
117,855	69,889	62,078	50,806	39,325	28,633	16,813
<u>369,728</u>	<u>274,877</u>	<u>245,558</u>	<u>206,288</u>	<u>165,048</u>	<u>120,156</u>	<u>89,823</u>
569	466	408	361	292	246	168
2,592	2,091	1,900	1,789	1,612	1,385	933
2,347	1,986	1,833	1,705	1,501	1,145	855
148	135	132	128	121	113	109
154	148	150	141	127	124	127
164	121	106	85	73	70	68
<u>155</u>	<u>135</u>	<u>130</u>	<u>117</u>	<u>106</u>	<u>101</u>	<u>103</u>

³ All retail information reflects the results of both subsidiaries which are consolidated and associates (Town and Country, Bi-Way and Rubys) which are not consolidated.

⁴ The reported number of stores through 1979 exclude Big Steel Man outlets which were then integrated in the Fairweather chain. Since Big Steel is now an integral chain on its own its outlets are included in the reported number of stores for 1980.

Dylex Representation in the 20 Largest Metropolitan Areas

Major shopping centres by metropolitan areas with population in thousands

	Fairweather	Suzy Skier	Town & Country	Braemar	B.H. Emporium	Rubys/ Feathers	Total	Tip Top	Big Steel Man	Harry Rosen	Total	Thrifty's	Bi-Way	Total
	Women's Wear							Men's Wear			Family Wear			
Canada (24,195)														
Toronto (2,907)	21	11	31	9	4	20	96	28	21	8	57	29	39	68
Downtown	▲	▲	▲	▲		▲		●	●	●		■	■	
Eaton Centre	▲	▲	▲	▲		▲		●	●	●		■		
Mississauga Square One	▲	▲	▲	▲		▲		●	●			■	■	
Scarborough Town Centre	▲	▲	▲	▲		▲		●	●	●		■		
Yorkdale	▲	▲	▲	▲		▲		●	●	●		■		
Sherway Gardens	▲	▲	▲	▲		▲		●	●	●		■		
Fairview Mall	▲	▲	▲		▲	▲		●	●	●		■		
Oakville Place	▲	▲	▲	▲	▲			●	●	●		■		
Bramalea City Centre	▲	▲	▲					●	●			■	■	
Montreal (2,831)	1	11	1	—	—	—	13	13	1	—	14	—	—	—
Downtown		▲	▲					●						
Les Galeries D'Anjou								●						
Les Promenades St. Bruno		▲						●						
Le Carrefour Laval	▲	▲						●	●					
Place Versailles		▲						●						
Centre Laval								●						
Place Vertu								●						
Fairview Pointe Claire								●						
Vancouver (1,205)	11	—	7	—	—	—	18	10	10	—	20	13	—	13
Pacific Centre	▲							●	●			■		
Park Royal	▲		▲					●	●			■		
Coquitlam Centre	▲		▲					●	●			■		
Lansdowne Park	▲		▲					●	●			■		
Surrey Place	▲							●	●			■		
Guildford Town Centre	▲		▲					●	●			■		
Ottawa-Hull (751)	7	2	4	—	—	4	17	7	7	—	14	3	—	3
Downtown-Ottawa	▲		▲			▲		●	●			■		
Bayshore Shopping Centre	▲	▲	▲					●	●			■		
St. Laurent Shopping Centre	▲		▲			▲		●	●					
Billings Bridge Shopping Centre	▲		▲			▲		●	●					
Les Galeries du Hull	▲	▲						●	●					
Place du Centre	▲							●	●					
Edmonton (647)	7	4	3	—	2	—	16	10	6	1	17	9	—	9
Kingsway Gardens	▲	▲	▲					●	●			■		
Southgate Mall	▲							●						
Londonderry Mall	▲							●	●			■		
Edmonton Centre	▲							●	●			■		
West Edmonton	▲	▲			▲			●	●	●		■		
Heritage Mall	▲	▲			▲			●	●			■		
Winnipeg (592)	5	4	3	—	—	—	12	7	5	—	12	8	—	8
St. Vital	▲	▲	▲					●	●			■		
Polo Park	▲	▲						●	●			■		

Major shopping centres by metropolitan areas with population in thousands	Fairweather	Suzy Shier	Town & Country	Braemar	B.H. Emporium	Rubys/Feathers	Total	Tip Top	Big Steel Man	Harry Rosen	Total	Thrifty's	Bi-Way	Total
	Women's Wear						Men's Wear				Family Wear			
	▲	▲	▲	▲	▲	▲	●	●	●	●	■	■	■	■
Quebec City (574)	4	4	—	—	—	—	8	5	4	—	9	—	—	—
Place Laurier	▲							●	●					
Galeries du Capitale	▲	▲						●	●					
Place Fleur de Lys	▲	▲						●	●					
Les Galeries Chagnon								●						
Calgary (566)	7	5	—	—	1	—	13	8	7	—	15	8	—	8
Chinook Centre	▲	▲						●	●			■		
Market Mall	▲							●	●			■		
Sunridge	▲	▲						●	●			■		
Hamilton (543)	5	3	4	3	1	1	17	5	5	—	10	3	12	15
Centre Mall	▲							●	●			■		
Limeridge Mall	▲	▲		▲				●	●					
Burlington Mall	▲		▲	▲		▲		●	●				■	
Lloyd D. Jackson Square	▲	▲	▲	▲				●	●			■		
St. Catharines-Niagara (311)	1	3	2	1	—	1	8	2	1	—	3	2	4	6
Pen Centre	▲	▲		▲		▲		●	●			■		
Kitchener (290)	4	2	4	—	1	—	11	3	4	—	7	5	5	10
Fairview Park	▲		▲					●	●			■	■	
London (280)	3	3	5	—	—	2	13	1	3	—	4	4	3	7
Downtown	▲	▲	▲			▲			●			■	■	
Westmount Mall	▲	▲	▲					●	●			■		
Halifax (278)	5	3	5	—	—	—	13	6	5	—	11	4	—	4
Windsor (243)	1	1	4	—	—	1	6	1	1	—	2	2	3	5
Devonshire Mall	▲	▲	▲			▲		●	●			■	■	
Victoria (231)	1	—	1	—	—	—	2	3	1	—	4	2	—	2
Regina (171)	1	1	1	—	—	—	3	3	1	—	4	4	—	4
Sudbury (153)	1	2	1	—	—	—	4	2	1	—	3	1	—	1
St. John's (153)	2	2	2	—	—	—	6	4	2	—	6	4	—	4
Saskatoon (146)	1	—	—	—	—	—	1	3	1	—	4	2	—	2
Oshawa (145)	1	1	1	—	—	1	4	1	1	1	3	1	4	5
Oshawa Centre	▲	▲	▲			▲		●	●	●		■	■	

- ▲ Women's Wear
● Men's Wear
■ Family Wear

Retail Stores by Location

Dylex Limited

Women's	Total	Fairweather	B.H. Emporium	Braemar	Suzy Shier	Town & Country	Rubys/ Feathers
British Columbia	22	13	—	—	—	9	—
Alberta	34	17	3	—	11	3	—
Saskatchewan	5	2	—	—	2	1	—
Manitoba	11	4	—	—	4	3	—
Ontario	215	48	6	13	42	76	30
Quebec	32	8	—	—	23	1	—
New Brunswick	17	5	—	—	5	7	—
Nova Scotia	15	6	—	—	4	5	—
Newfoundland	6	2	—	—	2	2	—
Total	357	105	9	13	93	107	30

Men's	Total	Tip Top	Big Steel Man	Harry Rosen
British Columbia	31	20	11	—
Alberta	40	23	16	1
Saskatchewan	10	8	2	—
Manitoba	12	8	4	—
Ontario	114	57	48	9
Quebec	31	23	8	—
New Brunswick	11	6	5	—
Nova Scotia	13	7	6	—
Newfoundland	6	4	2	—
Total	268	156	102	10

Family	Total	Thrifty's	Bi-Way
British Columbia	16	16	—
Alberta	21	21	—
Saskatchewan	6	6	—
Manitoba	10	10	—
Ontario	142	58	84
Quebec	—	—	—
New Brunswick	8	8	—
Nova Scotia	6	6	—
Newfoundland	4	4	—
Total	213	129	84

Total retail stores	838
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Combined Retail Sales by Region

<i>thousands of dollars</i>	Women's		Men's		Family	
	1981	1980	1981	1980	1981	1980
Atlantic	\$ 18,946	\$ 16,646	\$ 16,399	\$ 13,411	\$ 7,378	\$ 7,388
Quebec	17,015	14,130	22,490	21,368	—	—
Ontario	142,562	119,899	83,308	68,549	193,254	175,812
Prairies	33,500	23,369	41,571	32,142	18,012	16,945
British Columbia	15,350	14,358	16,802	14,034	4,521	4,651
	\$227,373	\$188,402	\$180,570	\$149,504	\$223,165	\$204,796

Directors

Kenneth Axelrod
 Daniel W. Casey*
 Jerome A. Corngold
 George Fine
 James F. Kay
 Samuel F. Kay
 David Korn C.A.
 Irving Levine
 Sydney Loftus
 Irving Posluns
 Jack Posluns
 Louis H. Posluns
 Wilfred Posluns*
 Lionel Robins
 Harry Rosen
 Schuyler M. Sigel Q.C.
 William H. Singer
 Hubert J. Stitt Q.C.*
 Henry Zagdanski
 Arthur H. Zaldin Q.C.*

*Member of the Audit Committee

Officers

Louis H. Posluns
 Honorary Chairman
 of the Board

James F. Kay
 Chairman
 of the Board

Wilfred Posluns
 President

Jack Posluns
 Executive
 Vice-President
 & Treasurer

Irving Posluns
 Executive
 Vice-President

Kenneth Axelrod
 Vice-President
 Manchester Clothing

Alfred Callegari
 Vice-President
 Special Projects

Joel Cooper
 Vice-President
 Braemar

Paul Cooper
 Vice-President
 Braemar

Jerome A. Corngold
 Vice-President
 Tobias Kotzin

Gordon Edelstone
 Vice-President
 Tip Top

George Fine
 Vice-President
 Corporate Planning

Irving Levine
 Vice-President
 Fairweather

Sydney Loftus
 Vice-President
 Dylex Real Estate

Paul Mancini
 Vice-President
 Canadian Clothiers

Lionel Robins
 Vice-President
 Fairweather

Harry Rosen
 Vice-President
 Harry Rosen Men's Wear

David Rosenberg
 Vice-President
 Manufacturing

Chris Schwartz
 Vice-President
 Tip Top

Donald Williams
 Secretary

Henry Zagdanski
 Vice-President
 Nu Mode Dress

Head Office

637 Lake Shore
 Boulevard West,
 Toronto, Ontario
 M5V 1A8

Transfer agent and registrar

National Trust
 Company Limited

Auditors

Wm. Eisenberg & Co.
 Chartered Accountants

Listed on

Toronto Stock Exchange
 Montreal Stock Exchange

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